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STATISTICAL ABSTRACT OF EAST-WEST TRADE AND FINANCE

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Staff Report

STATISTICAL ABSTRACT OF EAST-WEST TRADE AND FINANCE

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SUMMARY

The U.S.S.R. and most of Eastern Europe have successfully weathered the international economic and financial strains of the early 1980s. External performance, however, has varied sharply among individual countries, and major difficulties must be resolved if these nations are to improve their trade and financial positions in the future.

Soviet hard currency trade and financial performance was consistently good throughout the 1980-84 period. Since then, slumping oil prices and production difficulties have eroded Soviet hard currency earnings. Nonetheless, with a relatively small foreign debt, large foreign exchange reserves, and a conservative approach to foreign borrowing, the U.S.S.R.'s external financial position will likely remain stable, even if oil prices slip further.

Excepting Poland, Eastern Europe has largely recovered from the debt crisis of 1980-82. Hard currency trade and current account balances have shifted from deficits to healthy surpluses, allowing these countries to reduce debt levels and rebuild foreign exchange reserves.

- As a result, financial market perceptions of the creditworthiness of East European countries have improved--a trend reinforced by a lack of attractive alternative lending opportunities among debt-strained LDCs and elsewhere. Over the past 18 months, these nations have tapped the Eurocurrency market for sizeable new loans, their first substantial borrowings in several years.

- Eastern Europe's trade gains, however, have resulted almost entirely from deep import cuts. Hard currency exports have stagnated, except for the GDR. If economic growth is to pick up, East European imports from the West will have to expand. But enlarged imports will require better export performance. Improvements in the quality and marketing of East European goods are vital.

Poland remains mired in severe debt problems, despite successive reschedulings by western banks and governments. Absent more effective domestic economic policies and major new foreign credits, prospects for raising depressed import levels and thereby reviving economic growth appear remote.

Yugoslavia's payments situation has improved since 1982-83. Further reductions in Yugoslav trade and current account deficits--and lower domestic inflation--are necessary, however, to ensure continued progress in managing Yugoslavia's external debt problems.

U.S. trade with the U.S.S.R. and Eastern Europe remains relatively small, accounting for 1.5 percent of total U.S. exports and 0.6 percent of U.S. imports in 1985. The United States continues to run large trade surpluses with the Soviet Union, but trade with Eastern Europe has been in deficit since 1983.

U.S. bank claims on the U.S.S.R. and Eastern Europe--which have historically been low--have steadily declined, falling from $4.7 billion at end 1980 to $2.2 billion in June 1985, equal to only 0.7 percent of worldwide U.S. bank claims.

U.S. Government claims on the U.S.S.R. and Eastern Europe have remained steady at low levels. As of June 1985, U.S. Government credits and guarantees to these nations totalled $2.4 billion, 2.6 percent of worldwide U.S. Government exposure.

STATISTICAL ABSTRACT OF EAST-WEST TRADE AND FINANCE

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STATISTICAL ABSTRACT OF EAST-WEST TRADE AND FINANCE

INTRODUCTION

This report--an updated and enlarged edition of OTIA's December 1983 Statistical Abstract--surveys major trends in Soviet and East European* hard currency trade**, debt, and balance of payments between 1980 and 1984, the last year for which complete data are available. Developments in 1985 are also noted where reliable information was available at the time of writing.

The aim of the report is to provide, in a single publication, the most comprehensive unclassified U.S. Government statistics on East-West trade and finance, with particular emphasis on U.S. trade and financial relations with the U.S.S.R. and the six East European CMEA*** countries. Yugoslavia, which does not belong to the CMEA, is treated separately.

The report consists of an Overview and a Statistical Section. Beginning with a brief background on Soviet and East European responses to the international economic disturbances of the early 1980s, the Overview highlights recent trends in Soviet/East European hard currency trade, current account balances, debt, reserves, and debt burden indicators. Soviet/East European trade and financial relations with the United States are given special attention. Particular emphasis is given to placing U.S. bank and U.S. Government lending to these nations in a global perspective. The Overview concludes with a brief discussion of the major factors likely to affect Soviet and East European trade and debt positions in the next few years.

The Statistical Section--consisting of nineteen tables--provides comprehensive data on nearly all major aspects of East-West trade and finance during the first half of the 1980s. Statistics presented have been compiled from a variety of U.S. Government sources, supplemented where appropriate with data from international agencies.

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*Throughout the text, the term "Eastern Europe" denotes the six East European countries which are members of the CMEA--i.e., Bulgaria, Czechoslovakia, the German Democratic Republic (GDR), Hungary, Poland, and Romania.

**By convention, hard currency trade refers to trade with countries which settle their accounts in convertible currencies (e.g., U.S. dollars, yen, British pounds, Deutschemarks). This is distinct from Soviet/East European trade with other CMEA members and with certain other nations (e.g., China, Yugoslavia, Finland, Syria, Libya, Egypt, India, Bangladesh), which is predominantly conducted on the basis of bilateral clearing arrangements.

***CMEA (also abbreviated CEMA and Comecon) stands for the Council of Mutual Economic Assistance. The full members of the CMEA are the U.S.S.R., Bulgaria, Czechoslovakia, the GDR, Hungary, Poland, Romania, Cuba, Mongolia, and Vietnam. Yugoslavia is not a full member of the CMEA but participates in many of the CMEA institutions.

OVERVIEW

BACKGROUND

The Soviet Union and Eastern Europe--like many developing nations--were hard hit by deteriorating conditions in international economic and financial markets in the early 1980s. Such conditions included rising international interest rates, falling commodity prices, slack industrial country demand, and a sharp drop in commercial bank lending to financially-strained sovereign borrowers. The impact of these forces varied widely between the U.S.S.R. and Eastern Europe and among individual East European nations, as did the individual country responses to these difficulties.

The Soviet Union, with its large resource base, low foreign debt, sizeable international reserves, and favorable reputation on international credit markets, was relatively unaffected by the international debt crisis and the 1981-83 world recession. Except for a small current account deficit in 1981, Soviet hard currency trade and current account balances remained consistently positive. The U.S.S.R.'s foreign debt position was also extremely stable, reflecting the large proportion of long-term official loans in total Soviet hard currency debt, and the willingness of commercial creditors to renew maturing debt as payments came due.

Eastern Europe, in contrast, experienced a severe payments crisis in 1981-82. During the early 1970s, the East European countries--like many Latin American LDCs--borrowed heavily to modernize their economies and improve living standards. From 1973-74 on, Eastern Europe's debt buildup was further spurred by increased borrowing to protect consumption and investment from the impact of rising raw material and energy costs. Unlike the U.S.S.R., most East European nations had relied mainly on commercial bank loans for their external credit needs, and thus they were extremely vulnerable to the withdrawal of western bank credit from the region after 1980.

Initially, all the East European countries faced the same problem of meeting interest payments and repaying maturing debt with virtually no new credit inflows. To accomplish this, they had to generate hard currency trade surpluses through an increase in exports, a reduction in imports, or both. Each of these strategies required reductions in investment and consumption levels or growth rates, in order to lower import demand and to free up supplies of goods for export.

The responses of the East European countries to the debt crisis were broadly similar: externally, all cut imports after 1980 (except Bulgaria which adjusted earlier), and internally, all cut investment more than consumption. In choosing to retrench more on investment than on consumption, the East European countries were implicitly trading off possible long term economic losses for short term gains. Significant reductions in consumption levels were avoided because they pose a potentially serious threat to political and social stability. In addition, consumption cuts might have reduced the level or rate of growth of national output--and thereby the supply of goods for export--by reducing workers' incentives and thus labor productivity. In the long run, however, the investment cuts that were undertaken will adversely affect the potential for economic growth and future increases in efficiency and export competitiveness.

Both world market conditions and the systemic deficiencies of a centrally planned economy forced the East European countries to choose import reduction over export expansion. With the exception of the GDR (and also Yugoslavia), the East European countries have been unable to increase their hard currency exports--because of recession and slow economic recovery in the West, debt-related import restraints in LDCs, and the relatively poor quality and inadequate export marketing and servicing of East European products. Consequently, they have been forced to restrain imports in order to increase hard currency trade surpluses.

The degree of import cuts or restraints has varied across individual East European countries, depending on initial debt and reserve positions, hard currency export performance, access to external financing, and political commitment to reducing external debt levels or increasing reserves.

Bulgaria and Czechoslovakia entered the 1980s with relatively little debt and both adjusted early to the deteriorating international economic and financial climate. Bulgaria's import restraint (after 1981) and Czechoslovakia's severe import cuts reflected weak hard currency export performance, reluctance to assume new debts in the mid-1980s, and a strong commitment to reducing hard currency debt levels. By early 1984, international banks were again willing to extend some new credits to Bulgaria and Czechoslovakia, but both countries preferred to continue reducing their commercial debts.

Entering the crisis period with higher external debt levels, Hungary and the GDR (German Democratic Republic) experienced considerably more severe payments difficulties in the early 1980s. Both nations, however, were able to avoid rescheduling by a combination of domestic austerity measures and skillful cash management. Hungary also received two short-term bridging loans from the Bank for International Settlements (BIS). For the GDR, a substantial expansion in hard currency exports supplied the funds needed for repaying maturing debts that could not be rolled over. The GDR and Hungary were also able to limit import cuts because of the availability of medium- and long-term external credits (although in smaller amounts than in the pre-1980 period). Further borrowings in this period reflected a decision to maintain debt levels to the extent possible so as to ease pressure on limited hard currency resources. After 1982, Hungary benefitted particularly from IMF and World Bank loans and from commercial bank credits linked to World Bank-sponsored projects. The financial position of the GDR was substantially enhanced by the West German government's guarantee of a one billion DM credit in mid-1983. The GDR's decision to cut imports by 8 percent during 1980-84 stemmed from a policy of increasing reserves--which grew 82 percent between 1980 and 1984--in order to improve financial ratios and attract new external financing.

Poland and Romania experienced full-scale debt crises and both countries were forced to negotiate formal rescheduling agreements with commercial banks and official creditors. The Romanian crisis was mainly the result of an overreliance on short-term commercial credit and a policy of holding only minimal foreign exchange reserves. Romania responded to its debt problems by cutting hard currency imports sharply after 1981, even though its hard currency exports were relatively stable. Romania's decision to compress imports and achieve growing trade surpluses is attributable to a political decision not to accept the conditions attached to IMF financial assistance and to reduce outstanding debt levels as rapidly as possible.

Poland had the highest debt burden and most severe payments problems in Eastern Europe. Poland's debt crisis was the result of an unsustainable pattern--dating back to the early 1970s--of increasing imports of raw materials, semi-fabricates, and capital goods without commensurate increases in hard currency exports. With hard currency exports declining and access to new credits stymied by worries about the nation's creditworthiness, Poland was compelled to slash hard currency imports to 50 percent or less of 1979-80 levels.

Yugoslavia also encountered severe liquidity problems in 1982-83. Financial assistance from western governments, banks, and the IMF, however, enabled Yugoslavia to remain solvent despite heavy debt servicing requirements. Although Yugoslav hard currency exports expanded modestly between 1980 and 1984, deep import cuts were still necessary to reduce the country's trade and current account deficits

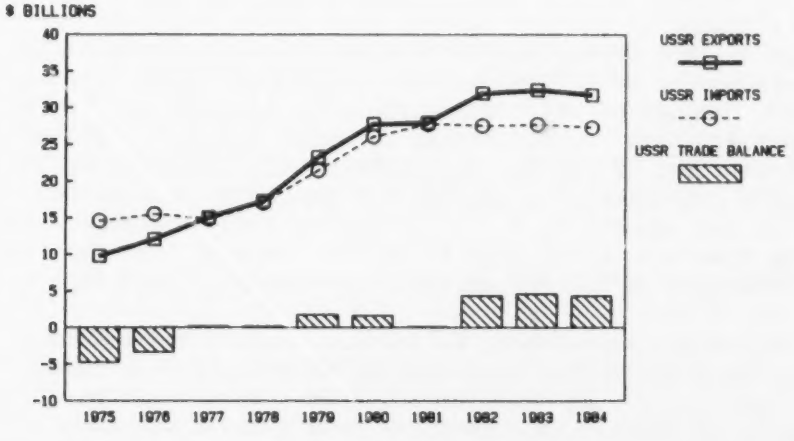
HARD CURRENCY TRADE AND CURRENT ACCOUNT PERFORMANCE

Trade Performance

The Soviet Union ran a hard currency trade surplus throughout the 1980-84 period (Table 1). From $1.7 billion in 1980, the U.S.S.R.'s hard currency trade surplus reached a record $4.7 billion in 1983 before declining to $4.4 billion in 1984 (Figure 1). Soviet hard currency exports grew 14 percent between 1980 and 1984, leaving room for both the increase in the trade surplus and a 5 percent increase in hard currency imports.

Figure 1

USSR: HARD CURRENCY TRADE



Energy products (crude oil, refined petroleum, natural gas) are the U.S.S.R.'s largest hard currency earner, accounting for 59 percent of total Soviet hard currency exports to non-communist countries in 1984. Crude oil and refined petroleum products constituted about 80 percent of these exports, and natural

gas about 20 percent. The value of Soviet hard currency energy exports rose 25 percent during 1980-84, increasing from $15 billion in 1980 to $18.8 billion in 1984. Since non-energy exports stagnated, increased energy exports provided all of the growth in Soviet hard currency exports during this period. In 1984, other major hard currency earners included machinery and equipment ($1.6 billion), chemicals ($949 million), and forest products ($810 million).

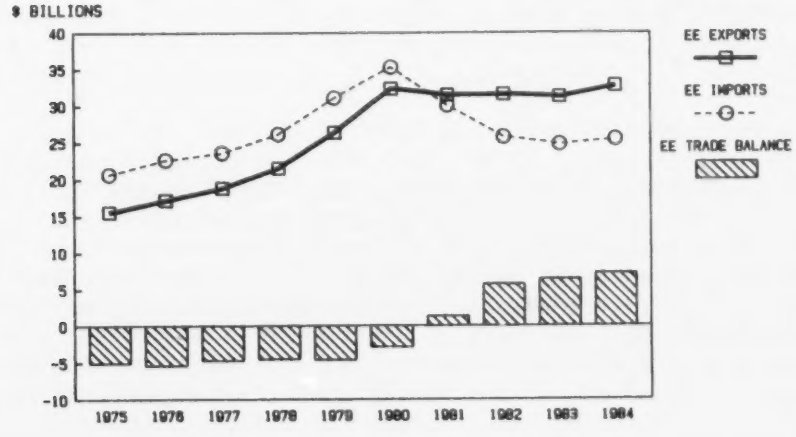
Agricultural products were the largest Soviet hard currency import category during 1980-84. Hard currency imports of agricultural products totalled $9.3 billion in 1984, or 34 percent of all Soviet hard currency imports ($27.2 billion). At $6.3 billion, grain was the largest single hard currency import item in 1984, followed by machinery and equipment ($5.8 billion), rolled ferrous metals ($3.5 billion), and chemicals ($1.5 billion).

Eastern Europe's hard currency trade surplus increased steadily during the early 1980s, reaching a record $7.3 billion in 1984 based on exports of $32.7 billion and imports of $25.5 billion (Table 1). This was the region's fourth consecutive hard currency trade surplus, capping a $10 billion swing in their combined hard currency trade balance from the $3.0 billion deficit registered in 1980.

The turnaround in Eastern Europe's hard currency trade balance was almost entirely due to severe cutbacks in imports, which plummeted $10 billion, or 28 percent, from their 1980 peak. Over the same period, East European hard currency exports stagnated, reflecting sluggish economic recovery in Eastern Europe's major export markets as well as deficient quality and poor marketing of East European products (Figure 2).

Figure 2

EE CMEA: HARD CURRENCY TRADE



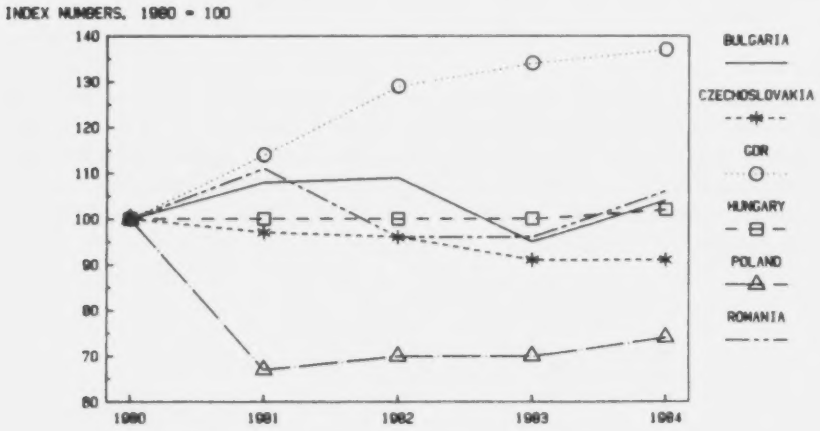
Within Eastern Europe, hard currency trade performance varied significantly among individual countries. On the export side, only the GDR achieved an export expansion, with hard currency exports up an impressive 37 percent

during 1980-84. Although information on the product composition of GDR hard currency trade is extremely sketchy, it seems that much of the GDR's export gains resulted from a large scale diversion of manufactures and raw materials from domestic consumption and inventories to export markets. The success of the GDR's export drive is also partly attributable to the traditionally good quality of its industrial consumer goods and other basic manufactures. In addition, the GDR probably reduced its export prices as part of its all-out export push.*

Hard currency exports by Bulgaria, Hungary and Romania stagnated, while Czechoslovak exports fell 9 percent. Polish exports plummeted 26 percent between 1980 and 1984, in large measure due to the sharp cuts in imports of raw materials and intermediate and capital goods (Figure 3).

Figure 3

EE CMEA: HARD CURRENCY EXPORTS

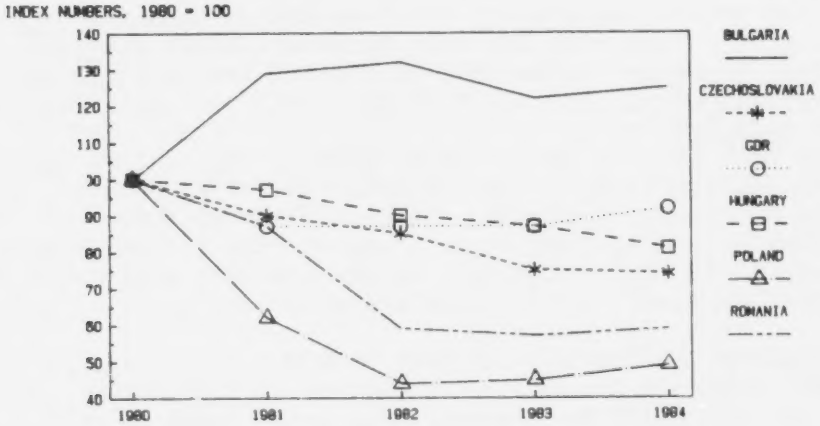


*The GDR substantially expanded its trade with West Germany in 1982 and early 1983, before returning to its previous pattern of diversification in hard currency trade in late 1983. GDR exports to West Germany are not subject to EEC tariffs or quotas, enabling the GDR to sell in the large West German market products (e.g., textiles, clothing, and agricultural goods) which cannot penetrate the import barriers of other western countries. The GDR's apparent diversion of exports and imports into inter-German trade did not, however, entail increased use of the "swing credit"--the interest-free overdraft facility provided by West Germany for inter-German trade. In fact, the importance of the swing credit in inter-German trade continued to decline in the 1980s. The swing credit--set at DM 850 million for 1986-90, the same level as in 1975-82--would now cover about 10 percent of the GDR's annual imports of goods from West Germany, compared to over 20 percent in 1975. Moreover, GDR utilization of the swing credit declined steadily during 1980-84, from 88 percent of the swing credit available in 1980 to 31 percent in 1984.

On the import side, only Bulgaria increased hard currency imports, achieving a 25 percent increase between 1980 and 1984. Hard currency imports by the other five East European countries contracted sharply, with the most severe import declines registered by Poland (imports down 51 percent) and Romania (imports down 41 percent). Hard currency imports by Czechoslovakia, Hungary and the GDR also declined, falling 26 percent, 19 percent, and 8 percent respectively during 1980-84 (Figure 4).

Figure 4

EE CMEA: HARD CURRENCY IMPORTS



Changes in export and import levels resulted in substantial swings in several countries' hard currency trade balances. Romania, the GDR, and Poland went from deficits in 1980 to hard currency trade surpluses of $2.2 billion, $1.1 billion, and $1.4 billion in 1984. These countries thus achieved net swings of $3.7 billion, $2.8 billion, and $2.4 billion respectively in their hard currency trade balances.

Eastern Europe's primary hard currency exports are industrial consumer goods and non-fuel raw materials and other production inputs. Raw materials and production inputs are also the largest hard currency import category. On balance, Eastern Europe's largest net hard currency export is industrial consumer goods. Imports of crude oil from the Soviet Union, and also from several Middle Eastern countries, are re-exported to the West in crude or refined form, providing the East European countries with additional hard currency. Machinery and equipment are net export items for Eastern Europe while food and other raw materials and production inputs are net import categories.

The product composition of hard currency exports and imports varies considerably between individual East European countries. In 1984, non-food raw materials accounted for almost half of the value of Bulgarian hard

currency imports. Bulgaria's largest net exports were food and related products, and repairs. Czechoslovakia's major hard currency exports and imports in 1984 were non-food raw materials (almost a third of exports and over one half of imports). On balance, Czechoslovakia ran a small deficit in this trade category. Machinery and equipment and industrial consumer goods provided the bulk of Czechoslovakia's net hard currency exports. Like Czechoslovakia, the GDR was a net exporter of industrial consumer goods and machinery and equipment in 1984. Fuel and energy re-exports were also major hard currency earners.

Raw materials, semi-fabricates, and spare parts accounted for over half of Hungary's 1984 hard currency imports and about a third of hard currency exports. Overall, Hungary had a large hard currency trade deficit in these products. Food and related products provided most of Hungary's net hard currency exports. Poland--the only East European country which is self-sufficient in energy--earned much of its hard currency revenue in 1984 by exporting fuel and energy, especially domestic coal and coke. Machinery was both a major hard currency export and a large hard currency import. Poland's other leading hard currency imports were chemicals and food and agricultural products. On balance, construction and metals and metal products were important net hard currency earners. In 1984, fuels accounted for about a third of Romania's hard currency exports and over one half of Romania's hard currency imports. Major Romanian hard currency earners were industrial consumer goods, machinery, and non-food raw materials.

Yugoslavia achieved a 17 percent increase in hard currency exports between 1980 and 1984. With the aid of a 31 percent cut in hard currency imports during 1980-84, Yugoslavia succeeded in cutting its trade deficit by $4.5 billion, ending the period with a deficit of $1.2 billion compared to $5.7 billion in 1980.

Yugoslavia's major convertible currency exports in 1984 were manufactured goods. Major imports were fuels and chemicals, followed by raw materials and machinery and equipment.

Current Account Performance

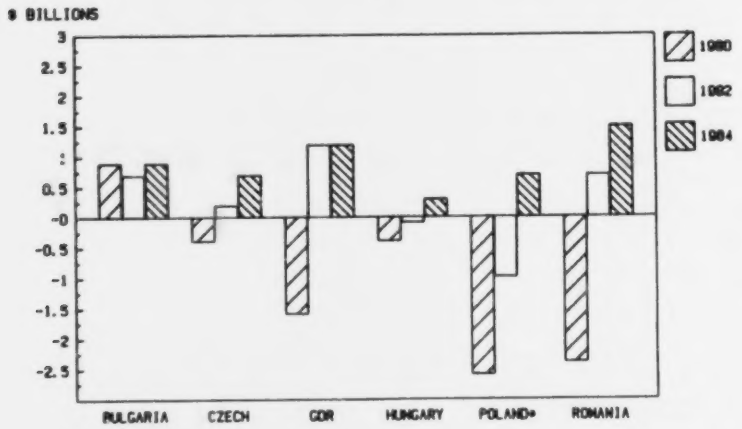
The Soviet hard currency current account balance mirrored the movements in the Soviet trade balance. After dipping slightly into deficit in 1981, the Soviet current account registered surpluses of $4.3-4.7 billion during 1982-84.

Larger hard currency trade surpluses combined with declining gross debt levels (see p. 13) also resulted in a marked improvement in East European current account balances. From a combined deficit of $6.4 billion in 1980, the six East European countries moved to a $5.3 billion hard currency current account surplus in 1984--a net swing of nearly $12 billion.

Bulgaria ran a surplus on current account throughout the period, while the other East European countries moved from deficit into surplus by 1982 or 1983. Romania and the GDR showed the most substantial improvements, achieving net swings in their current account balances of $3.9 billion and $2.8 billion respectively between 1980 and 1984. Poland's current account balance also improved, but only because Poland failed to pay its full interest bill after 198[illegible] (Figure 5).

Figure 5

EE CMEA: HARD CURRENCY CURRENT ACCOUNT BALANCES



* - REFLECTS INTEREST PAYMENTS ACTUALLY MADE, WHICH WERE LESS THAN AMOUNTS OWED.

Between 1980 and 1984, Yugoslavia's convertible currency current account balance also improved, swinging $3.1 billion from a deficit of $2.2 billion in 1980 to a surplus of $0.9 billion in 1984.

U.S. TRADE WITH THE U.S.S.R. AND EASTERN EUROPE

Total U.S. trade (exports plus imports) with the Soviet Union increased almost 70 percent between 1980 and 1985. With substantial growth in U.S. exports to the U.S.S.R. (up 60 percent) and a slight drop in U.S. imports from the U.S.S.R. (down 9 percent), the U.S. trade surplus with the Soviet Union almost doubled, rising from $1.0 billion in 1980 to $2.0 billion in 1985 (Figure 6). U.S. agricultural exports--chiefly grain--amounted to over half of total U.S. exports during 1980-85, with expanded grain shipments accounting for almost 80 percent of the total growth in U.S. exports (Figure 7).

Figure 6

U.S. TRADE WITH U.S.S.R.

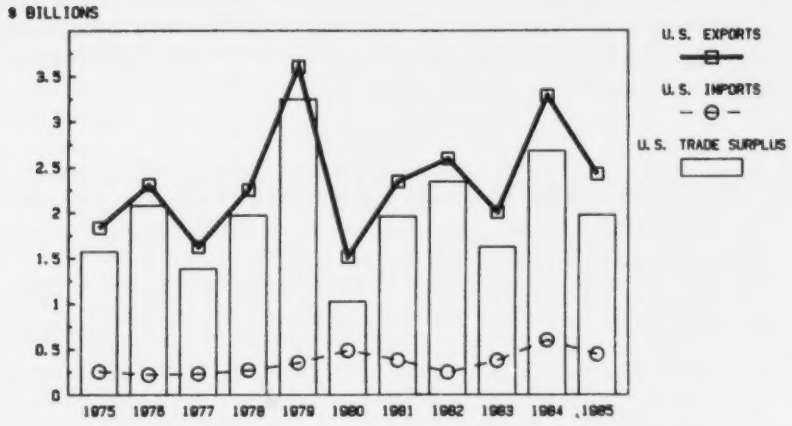
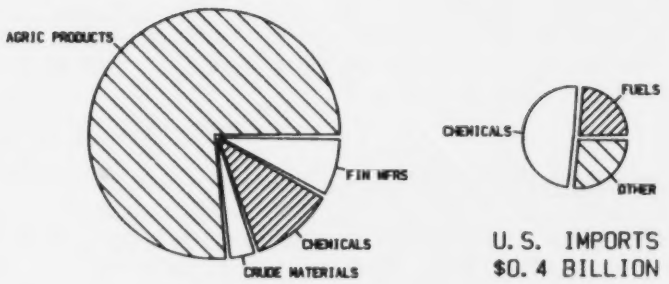


Figure 7

COMPOSITION OF U.S. TRADE WITH U.S.S.R.
FULL YEAR 1985



U.S. EXPORTS
$2.4 BILLION

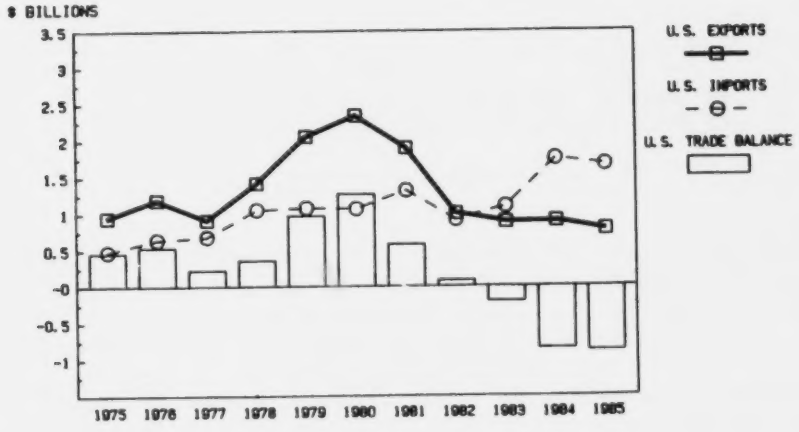
U.S. IMPORTS
$0.4 BILLION

USSR SHR OF 1985 US GLOBAL EXPORTS: 0.7 PERCENT.
USSR SHR OF 1985 US GLOBAL IMPORTS: 0.1 PERCENT.

In contrast, total U.S. trade with Eastern Europe contracted 28 percent between 1980 and 1985. During this period U.S. exports to the six East European countries dropped 67 percent, reflecting the substantial cuts in East European hard currency imports as well as the influence of dollar appreciation. (In fact, dollar appreciation contributed to a substantial fall in the United States' share of East European imports, from 6.6 percent of total East European hard currency imports in 1980 to 2.7 percent in 1984.) At the same time, U.S. imports from the East European countries rose 56 percent. As a result, the U.S. trade balance with the region deteriorated from a $1.3 billion surplus in 1980 to an $887 million deficit in 1985--a net swing of $2.2 billion (Figure 8). In 1980, the United States had a trade deficit only with Hungary; by 1985, the United States was running deficits with every East European country except Bulgaria.

Figure 8

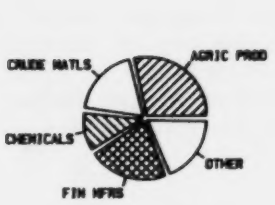
U.S. TRADE WITH EE CMEA



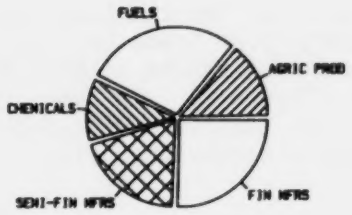
U.S. imports from Poland were the sole exception to the trend of rising U.S. imports, plunging 47 percent between 1980 and 1984. Most of this decline took place in 1982, reflecting the U.S. recession as well as suspension of Poland's MFN (Most Favored Nation) status. As a result, Poland's share of U.S. imports from the East European countries fell from 43 percent in 1980 to 14 percent in 1984. Romania, on the other hand, has provided a growing share of U.S. imports from Eastern Europe, expanding from 32 percent of U.S. imports from the area in 1980 to 55 percent in 1984. Oil constituted almost half of 1985 U.S. imports from Romania (Figure 9).

Figure 9

COMPOSITION OF U.S. TRADE WITH EAST EUROPE CMEA
FULL YEAR 1985



U.S. EXPORTS
$0.8 BILLION



U.S. IMPORTS
$1.7 BILLION

EE SHARE OF 1985 US GLOBAL EXPORTS: 0.4 PERCENT.
EE SHARE OF 1985 US GLOBAL IMPORTS: 0.5 PERCENT.

U.S. trade with Yugoslavia decreased 22 percent during 1980-84. U.S. exports to Yugoslavia fell 43 percent while U.S. imports from Yugoslavia rose 11 percent, causing the U.S. trade balance with Yugoslavia to swing from a $300 million surplus in 1980 to a $100 million deficit in 1984.

It should be noted that U.S. trade with the Soviet Union and Eastern Europe accounts for only a small proportion of Soviet and East European hard currency trade, and for an even smaller proportion of total U.S. foreign trade. In 1984 U.S. trade with the Soviet Union and the six East European countries constituted only 1.2 percent of total U.S. trade turnover, slightly less than U.S. trade with Spain and Portugal. On average, the Soviet Union accounted for 0.6 percent of U.S. trade during 1980-84, Eastern Europe for 0.5 percent, and Yugoslavia for 0.2 percent. On the Soviet and East European side, trade with the United States constituted an average of 4.8 percent of Soviet hard currency trade, 4.4 percent of East European hard currency trade, and 6.8 percent of Yugoslav non-CMEA trade during 1980-84. Given that hard currency trade accounts for about 35 percent of total Soviet trade and between 20 and 50 percent of the East European countries' total trade, the U.S. share of total foreign trade--i.e., trade in both convertible and nonconvertible currencies--for any country is very small indeed.

HARD CURRENCY DEBT AND RESERVES

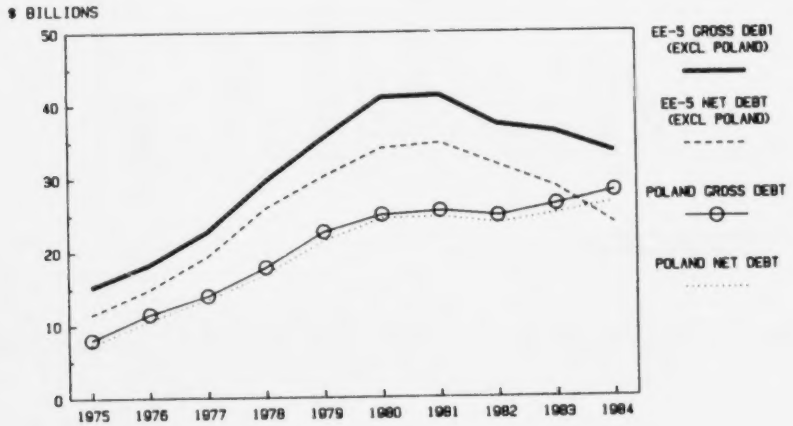
Gross Hard Currency Debt

After peaking at $20.9 billion in 1981, Soviet gross hard currency debt remained relatively unchanged through end 1984 (Table 5). The Soviet Union's ability to maintain a stable external debt position despite turbulent conditions in international financial markets reflects its reputation among commercial banks and other lenders as a strong, creditworthy borrower.

Eastern Europe's external debt situation, by contrast, was considerably more strained, as new credit all but evaporated between 1980 and 1983. In the absence of fresh credits, repayment of maturing debt resulted in reductions in outstanding debt levels. Between 1980 and 1984, the gross hard currency debt of the five East European countries (excluding Poland) fell $7.6 billion, or 18 percent, to $33.5 billion.* Bulgaria and Czechoslovakia sustained the sharpest declines, with gross debt levels falling 37 percent and 29 percent respectively between 1980 and 1984. Polish gross debt rose $3.2 billion as a 65 percent increase in western government credits offset a 23 percent decline in commercial loans (Figure 10). For the East European region as a whole, gross debt declined 6.6 percent during 1980-84.

Figure 10

EE CMEA: GROSS AND NET DEBT



As a result of the differing trends in individual country debt, Poland's share of total East European gross debt rose from 38 percent in 1980 to 46 percent in 1984. In 1984, the GDR accounted for 20 percent of total East European gross debt, Hungary for 14 percent, and Romania for 12 percent.

During 1980-84 Yugoslav gross debt rose by $1.2 billion (a 7 percent increase) to $18.6 billion.

*Part of this reduction in debt is attributable to dollar appreciation, since over half of East European debt is denominated in other currencies.

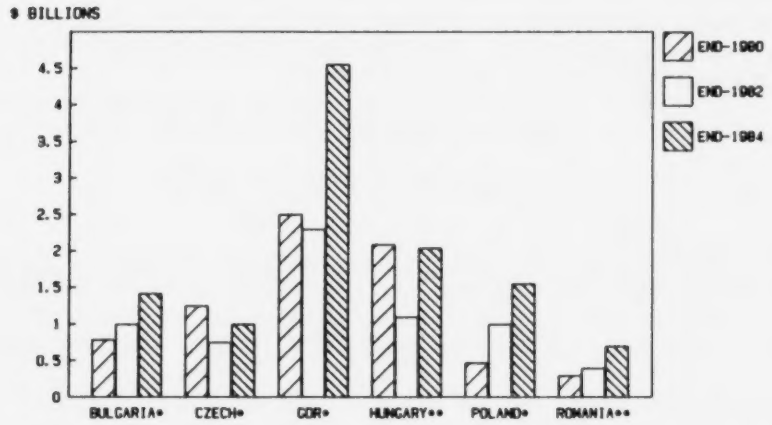
Foreign Exchange Reserves*

The Soviet Union's hard currency reserve position was relatively stable, with deposits in western banks ranging between $8.4 billion and $10.0 billion over the 1980-84 period. These reserves were ample, amounting to about half of Soviet gross debt.**

East European reserves were under much greater pressure, especially in 1981-82. Subsequently, reserve positions recovered or grew substantially, providing the countries with greater flexibility in managing their external payments. For example, the GDR virtually doubled its reserves between 1982 and 1984 (Figure 11). (Bulgaria, which had adjusted early, saw steady increases in its reserves during 1980-84.)

Figure 11

EE CMEA: HARD CURRENCY RESERVES



* - DEPOSITS IN WESTERN BANKS.
** - FOREIGN EXCH HOLDINGS AS REPORTED BY IMF.

Yugoslav reserves also fluctuated, ending the period 17 percent lower than in 1980.

*Reserve statistics must be treated with some caution. Commercial asset numbers cited in Table 3 may understate reserve levels because of the difficulty of estimating deposits in non-BIS banks. Moreover, reported reserve levels include both liquid and nonliquid assets (e.g., working balances, correspondence accounts, and trade receivables) and thus often overstate country liquidity.

**Figures for Soviet reserves do not include the country's large holdings of gold, estimated at about 78 million fine troy ounces at end 1984. Valued at $320/troy ounce, the Soviet gold stock was then worth almost $25 billion. The U.S.S.R. also produces approximately 11 million ounces of gold annually.

Net Hard Currency Debt

During 1980-84, the Soviet Union's net debt levels fluctuated with its gross debt levels, ending the period up 13 percent to $10.4 billion.

East European net debt declined 14 percent between 1980 and 1984 as a result of the buildup in reserves and the decline in gross debt. Poland was the only exception to this trend, with net hard currency debt rising 9 percent during 1980-84 despite an increase in its reserves. The net debt of the other East European countries (excluding Poland) dropped 30 percent. In 1984, these five East European countries had a total net debt of $23.7 billion, down from a peak of $34.8 billion in 1981.

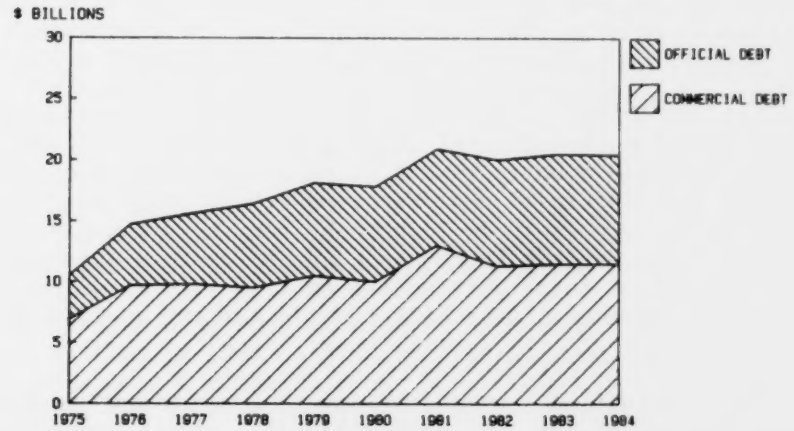
Yugoslav net debt increased somewhat faster than its gross debt, rising 11 percent to $16.5 billion by end 1984.

WESTERN COMMERCIAL AND GOVERNMENT CLAIMS ON THE U.S.S.R. AND EASTERN EUROPE

Between 1980 and 1984, western commercial claims (e.g., commercial bank loans and suppliers' credits) on the Soviet Union grew 15 percent to $11.5 billion. Western government claims on the U.S.S.R. rose 14 percent to $8.9 billion, leaving the relative proportions of Soviet commercial and official debt--56 percent and 44 percent respectively--the same as in 1980 (Table 7 and Figure 12).

Figure 12

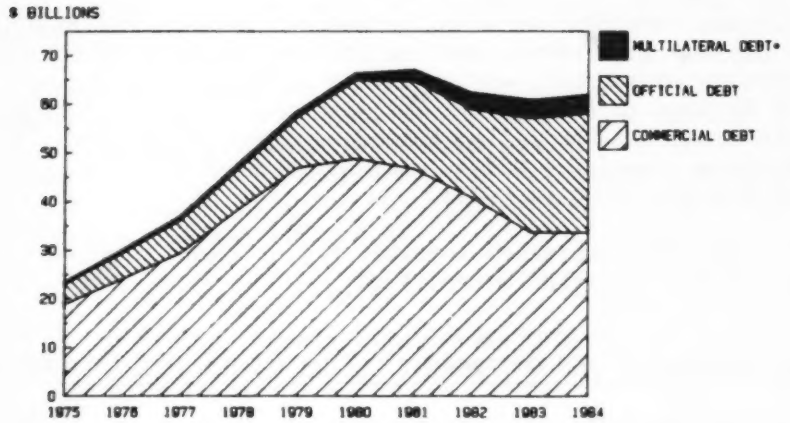
U.S.S.R.: COMPOSITION OF HARD CURRENCY DEBT



For Eastern Europe, on the other hand, both the volume and the structure of lending changed. Commercial lenders reduced their exposure while western government lending increased, although not enough to make up for the fall in private lending (Figure 13). Between 1980 and 1984, western commercial claims on the East European countries fell $15 billion, or 31 percent, to $33.6 billion. Since commercial bank perceptions of the creditworthiness of the East European countries--except Poland--began to improve toward the end of the 1980-84 period, part of the continuing decline in the region's commercial debt is attributable to a conscious decision by some East European nations to further reduce outstanding debt levels.

Figure 13

EE CMEA: COMPOSITION OF HARD CURRENCY DEBT



* - IMF, WORLD BANK, BIS.

Officially-backed loans to the East European region increased 52 percent, or $8.4 billion, to $24.5 billion between 1980 and 1984. Romania was the only exception to this trend, with a 29 percent reduction in its officially-backed debt. Most of the increase in government loans went to Poland ($6.6 billion increase) and the GDR ($1.4 billion increase). In the case of Poland, the sharp rise in official debt more than offset the contraction in commercial loans, leading to a $3.2 billion increase in Poland's gross debt, to $28.2 billion. Practically all of the increase in Poland's official debt reflects capitalization of unpaid interest owed to western governments since Poland received very few new official credits after 1981. By 1984 Poland was the only East European country with a higher proportion of official debt than commercial debt (official debt was almost 60 percent of gross debt in Poland compared to a range of 10 to 35 percent for the other East European countries). For Eastern Europe as a whole, western government claims rose from 24 percent of total outstanding debt in 1980 to 40 percent in 1984, while the share of commercial debt fell from 74 percent in 1980 to 54 percent in 1984.

Loans from international organizations to Hungary and Romania--the only East European members of the IMF and World Bank*--also increased substantially during the 1980-84 period. International organizations are an important source of credit for these two countries and for Yugoslavia, accounting for 12 percent of total Hungarian hard currency debt, 37 percent of Romanian debt, and 23 percent of Yugoslav debt in 1984.

*Romania joined the IMF in 1972 and Hungary in 1982. Poland submitted its application for membership in the IMF in November 1981. Yugoslavia has been a member of the IMF since 1945.

Between 1980 and 1984, western commercial claims on Yugoslavia dropped 32 percent to $8.6 billion while government claims jumped 125 percent to $5.8 billion. Consequently, the structure of Yugoslav debt changed significantly: as a proportion of total hard currency debt, commercial claims fell from 73 percent in 1980 to 46 percent in 1984, government claims expanded from 15 percent to 31 percent, and multilateral debt grew from 12 percent to 23 percent.

MATURITY COMPOSITION OF WESTERN COMMERCIAL BANK CLAIMS ON THE U.S.S.R. AND EASTERN EUROPE

The maturity profile of western bank claims on the Soviet Union did not change significantly between the end of 1980 and the first half of 1985. During this period, short-term claims (i.e., claims with an original maturity of one year or less) constituted 42-45 percent of total claims on the U.S.S.R., while claims with a maturity of longer than one year accounted for 39-42 percent. The share of unallocated claims--claims which cannot be broken down according to original maturity--fell from 19.5 percent of total claims in 1980 to 14 percent in June 1985.

The maturity structure of western bank claims on Eastern Europe as a whole lengthened modestly between 1980 and mid-1985. Whereas 38 percent of total BIS-area bank claims on Eastern Europe were short-term as of end 1980, by June 1985 the short-term component had fallen to 35 percent of total claims. Meanwhile, the proportion of medium- and long-term claims rose from 48 percent to 53 percent of total claims. As of June 1985, unallocated claims accounted for 12 percent of BIS-area bank claims on Eastern Europe compared to 14 percent in 1980.

The maturity composition of western bank claims on Bulgaria and Romania, however, underwent much more pronounced shifts. In contrast to the general trend for Eastern Europe, the maturity structure of BIS-area bank claims on Bulgaria shortened. The short-term component of western bank claims on Bulgaria jumped from 36 percent of total claims in 1980 to 55 percent by June 1985 while the medium- and long-term component fell from 53 percent to 35 percent. By June 1985, Bulgaria had repaid 60 percent of the $1.5 billion in medium- and long-term BIS-area bank claims that were on the books at end 1980, leaving only $600 million outstanding as of June 1985. Short-term BIS-area bank claims held steady at about $1.0 billion throughout the period.

In Romania's case the reverse occurred, with short-term bank claims plummeting from $2.5 billion in 1980 to $750 million in June 1985. Medium- and long-term claims fell more gradually, from $2.0 billion in 1980 to $1.5 billion in June 1985. As a result, between end 1980 and June 1985 the short-term component of BIS-area bank claims on Romania fell from 43 percent to 25 percent of total claims while the medium- and long-term component grew from 34 percent to 50 percent.

U.S. BANK AND U.S. GOVERNMENT CLAIMS ON THE U.S.S.R. AND EASTERN EUROPE

During 1980-84 U.S. commercial bank claims on the Soviet Union fell from $491 million to $133 million. Since non-U.S. commercial credit expanded in this period, U.S. banks' share of Soviet commercial debt, already small, declined still further. By end 1984, U.S. commercial banks held only 1.2 percent of total Soviet commercial debt and only 0.8 percent of total Soviet debt to all banks in the BIS reporting area (Tables 7 and 17). During the first half of 1985, U.S. bank claims on the U.S.S.R. rebounded to about $260 million, reflecting expectations of expanded U.S. agricultural sales and improvements in U.S.-Soviet commercial relations. Nonetheless, U.S. banks still account for only 1.4 percent of total western commercial bank claims on the U.S.S.R. (Figures 14 and 15).

Figure 14

U.S. BANK CLAIMS ON U.S.S.R. AND EE CMEA

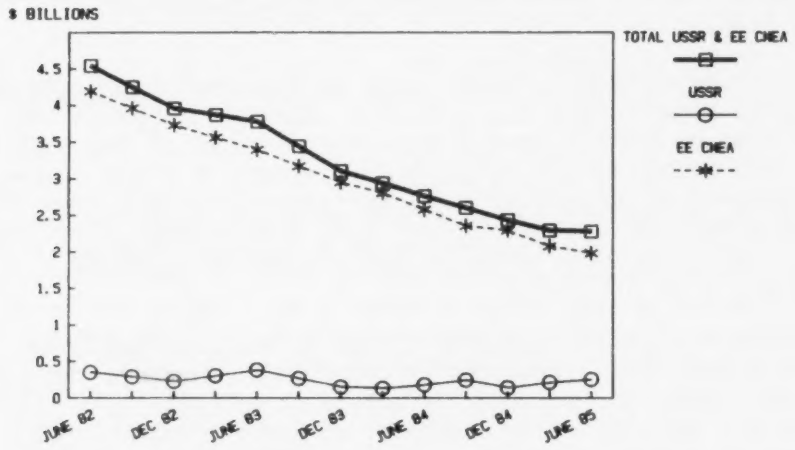
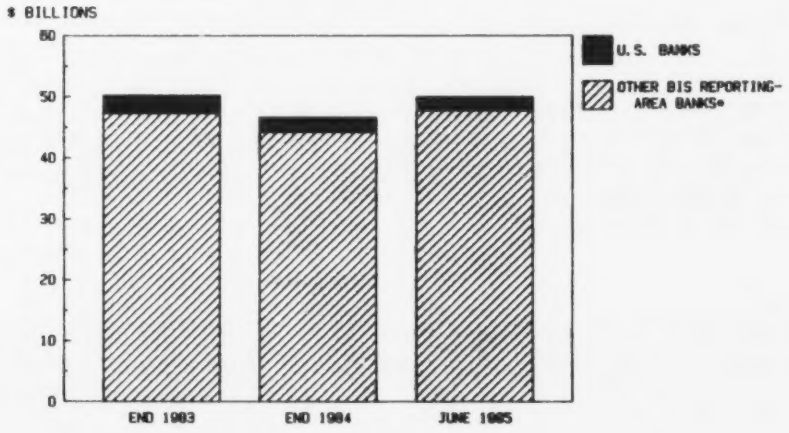


Figure 15

WESTERN BANK CLAIMS ON U.S.S.R. AND EE CMEA



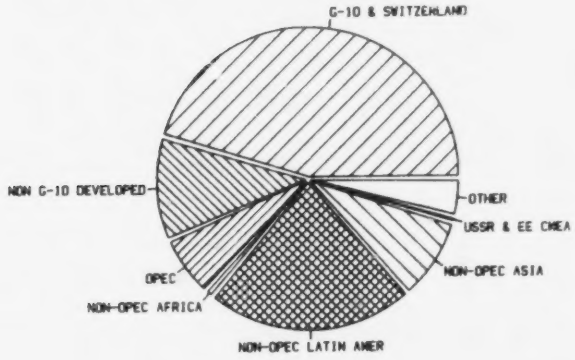
* EXCLUDING WEST GERMAN BANK CLAIMS ON GDR.

U.S. Government claims on the U.S.S.R. totalled $309 million as of end June 1985, down from $431 million in 1980 (Table 18). This entire amount consisted of the later maturities of long term Eximbank credits granted to the U.S.S.R. in 1972-74 for purchases of U.S. machinery and equipment. Under legislation enacted in late 1974, access to U.S. Government credit facilities was made conditional on changes in Soviet emigration policy, which the U.S.S.R. has rejected. Thus, aside from disbursements already approved, no further U.S. Government credits or guarantees have been extended to the U.S.S.R.

U.S. commercial bank claims on Eastern Europe fell by over 50 percent during 1980-84, declining from $4.6 billion in 1980 to $2.3 billion in 1984 (Table 8). By comparison, non-U.S. commercial claims on the region dropped about 30 percent. As a result, the proportion of East European commercial debt held by U.S. banks fell from 9.5 percent in 1980 to 6.7 percent in 1984. Despite increased East European borrowing on Eurocurrency markets during the first half of 1985, U.S. claims on the East European countries fell another $280 million to $2.0 billion by end June 1985. During this period, non-U.S. bank exposure to the region grew about $1.0 billion, causing the U.S. bank share of East European debt to BIS reporting area banks to fall from 7.3 percent at end 1984 to 6.3 percent as of end June 1985. At that time, loans to the East European countries were only 0.6 percent of U.S. bank loans abroad (Table 16 and Figure 16).

Figure 16

U.S. BANK FOREIGN CLAIMS
JUNE 1985



JUNE 1985 TOTAL $324.4 BILLION

NOTE: THE G-10 COUNTRIES ARE: BELG-LUX, FRANCE, FRG, ITALY, JAPAN, NETHERLANDS, SWEDEN, U.K. AND UNITED STATES.

Only two East European countries--Romania and Hungary--are currently eligible for U.S. Government credits. (After the December 1981 imposition of martial law, Poland lost its eligibility for further U.S. Government credits.) Although Poland got no new U.S. Government credits between 1982 and 1984, it nevertheless accounted for the lion's share of outstanding U.S. Government credits and guarantees to the region during 1980-84: 90 percent in 1980 and 88 percent in 1984 (Table 18). Still, outstanding U.S. Government loans to

Poland were only 11 percent of Poland's officially-backed debt in 1984, down from 17 percent in 1980 (Table 13). The U.S. share of western government loans to Hungary and Romania has grown, but only to 13 percent for Romania and 11 percent for Hungary by end 1984 (Tables 12 and 14). As of end June 1985, the East European countries accounted for only 2.2 percent of total U.S. Government foreign claims (Table 18).

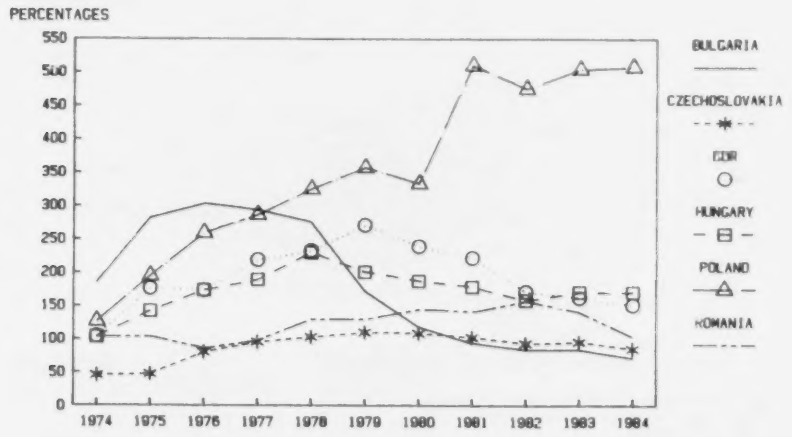
The volume of U.S. commercial bank claims on Yugoslavia fluctuated between 1980 and 1984, ending the period down 3.4 percent at $2.2 billion. This raised the U.S. bank share of total Yugoslav commercial debt from 18 percent in 1980 to 26 percent in 1984. Meanwhile, U.S. Government claims on Yugoslavia rose 6.3 percent to $1.1 billion by end 1984. Despite this rise in U.S. Government exposure to the country, the U.S. Government's share of Yugoslav official debt dropped from 39 percent in 1980 to 19 percent in 1984. As of end June 1985, U.S. bank claims on Yugoslavia were only 0.7 percent of total U.S. bank foreign loans while U.S. Government claims on Yugoslavia were only 1.2 percent of total U.S. Government foreign claims and guarantees.

MEASURES OF DEBT BURDEN

The Soviet Union's debt burden is low by any measure, reflecting both Soviet determination to avoid a large accumulation of debt and the option--which resource-poor Eastern Europe lacks--of increasing fuel exports to pay for hard currency imports. In 1984 the U.S.S.R.'s gross debt amounted to only 64 percent of Soviet hard currency exports and its debt service ratio* was an extremely low 18 percent (Table 19).

Figure 17

EE CMEA: DEBT-TO-EXPORT RATIOS*



* GROSS DEBT DIVIDED BY HARD CURRENCY EXPORTS.

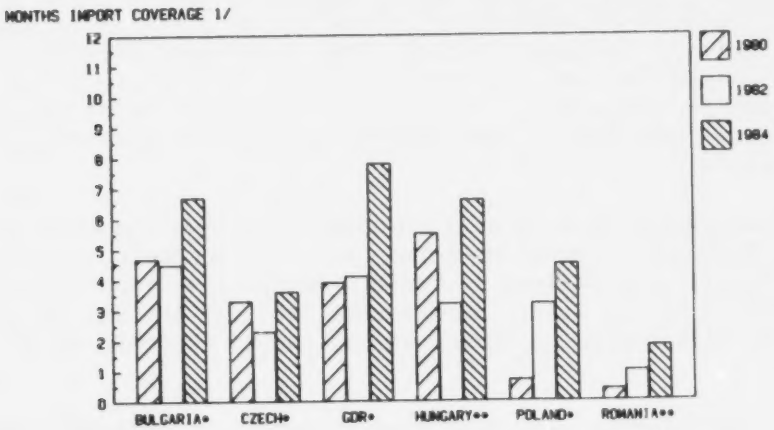
*The debt service ratio is computed by dividing interest payments on total debt plus principal repayments on medium- and long-term debt by hard currency merchandise exports.

For the East European countries, gross debt-to-hard currency export ratios have generally declined since 1980 as gross debt levels have fallen and hard currency exports have remained roughly constant (Figure 17). Poland was the striking exception to this general trend, with its debt-to-export ratio rising from 475 percent in 1980 to 508 percent in 1984 due to falling hard currency exports and rising gross debt.

East European debt service ratios have remained approximately constant since 1980, in the 20 to 50 percent range for all the countries except Poland whose debt service ratio is close to 100 percent. Most countries' debt service ratios in the first half of the 1980s, however, were higher than they were in the 1975-79 period. Reserve positions generally improved after 1980 for all the East European countries, with Bulgaria, the GDR, and Hungary achieving especially significant gains in their reserve-to-hard currency import ratios (Figure 18).

Figure 18

EE CMEA: RESERVES-TO-IMPORT RATIOS



1/ HARD CURRENCY RESERVES AT YEAR-END DIVIDED BY AVG MONTHLY HC IMPORTS FOR YEAR INDICATED.

* - DEPOSITS IN WESTERN BANKS.

** - FOREIGN EXCHANGE HOLDINGS AS REPORTED BY IMF

Yugoslavia's debt burden indicators are lower than those of Poland but higher than those of the other five East European countries. Yugoslavia's reserve position, too, is rather weak. Its foreign exchange reserves are equivalent to only 3 months of hard currency imports, lower than those of any East European country except Romania, which traditionally has a low ratio of reserves to imports.

The heavy Polish and Yugoslav debt burdens more nearly resemble the burdens of the large Latin American debtors than those of the other East European countries. The debt burdens of the other five East European countries (excluding Poland) compare very favorably with debt burdens elsewhere in the world. Hard currency debt to GNP/GDP ratios are particularly small for the East European countries because their hard currency trade--and thus the debt assumed to finance this trade--is much smaller in relation to their total GNP than is the case in other developed and developing countries.

FUTURE PROSPECTS

Oil prices and production will be the primary influence on Soviet hard currency export performance. Lower oil prices and a decline in the volume of oil exports due to production and transportation difficulties reduced Soviet hard currency earnings in 1985. If present trends continue, falling oil prices could further reduce Soviet hard currency receipts. With ample foreign exchange reserves and relatively little debt, the Soviet Union could choose to reduce its trade surplus, increase its borrowings, or use its reserves to maintain hard currency imports in the event of a reduction in hard currency export revenues. The U.S.S.R. would probably choose a combination of these strategies; however, a substantial increase in Soviet hard currency borrowing to protect import levels is very unlikely. If hard currency import cuts are needed, the Soviet Union is likely to reduce non-food raw materials and machinery and equipment imports while maintaining necessary import levels of grain and other food products.

Eastern Europe's major challenge will be to boost hard currency exports. With the exception of the GDR, none of the East European countries was able to do this during the difficult 1980-84 period. Efforts to improve the quality and competitiveness of East European export products, however, are seriously hampered by low domestic investment levels and by cutbacks in imports of western technology. Between 1980 and 1984, investment bore the brunt of the economic adjustment burden, and 1984 investment levels are still below 1980 levels (except for Bulgaria). These lower investment rates impede both quantitative and qualitative improvements in the East European countries' capital stock.

Economic developments in both West European countries and LDCs will also affect East European external performance. Slow economic recovery and continuing import restrictions in Western Europe have tended to depress East European exports to the area. Substantial recovery in East European exports to the region will depend on strong and sustained economic recovery in Western Europe.

LDC economic performance will also have an impact on Eastern Europe. LDCs account for a significant share of the East European countries' hard currency trade--ranging from 26 percent of total Hungarian trade to 53 percent of Romanian trade in 1984--and have provided an important source of hard currency surpluses. On the other hand, the East European countries have encountered serious competition from some LDCs and NICs (Newly Industrializing Countries) in world markets, and the East European countries have tended to lose these competitive battles. Unless LDC debt servicing burdens are ameliorated, the need to generate export surpluses to service outstanding debt will require LDCs to keep tight reins on their imports, including those from Eastern Europe, and to expand their exports, leading to greater competition with the East European countries in third markets. Both factors would tend to constrain or reduce East European hard currency exports.

Soviet-East European trade relations pose another likely impediment to improvement in East European hard currency performance. The Soviet Union has announced that it will no longer acquiesce in a continuation of traditional

ruble surpluses in its trade with Eastern Europe. Until recently, the East European CMEA countries, except Romania, have usually run deficits in their trade with the U.S.S.R. These deficits--which are essentially interest-free or low interest ruble loans from the Soviet Union--allow the East Europeans to import more from the U.S.S.R. than they could otherwise afford and to use domestic production for consumption, investment, or hard currency exports rather than for exports to the U.S.S.R.*

Moreover, the Soviet Union does not expect to increase energy deliveries to Eastern Europe over the next 5 years**; this will contrast with an 8 percent average annual increase in Soviet energy deliveries over 1970-80. In addition, the U.S.S.R. is pressing for higher quality East European products in exchange for Soviet energy and raw material exports and for more East European participation in Soviet energy and raw material investments. The Soviet Union also expects the East European countries to contribute more to improving Soviet technology through greater cooperation in joint research efforts, especially in high technology fields such as robotics, electronics, computers, and biotechnology. These changes in Soviet-East European trade relations will constrain East European domestic consumption and investment spending and may lead to a diversion of exports from hard currency (or other ruble) markets to the U.S.S.R. Over the medium and long term, such actions would impede improvements in East European hard currency export performance.

*Eastern Europe accumulated a ruble trade deficit with the Soviet Union of about 10 billion rubles between 1980 and 1984, compared to an estimated 5 billion ruble trade deficit accumulated between 1960 and 1979. Although annual ruble trade deficits during 1980-84 were small (less than ten percent of annual Soviet exports to Eastern Europe), repaying the accumulated ruble debt--with increased exports to the U.S.S.R. or reduced imports from the U.S.S.R.--will be a burden for Eastern Europe since the total value of this debt now stands at 30-40 percent of annual Soviet exports to Eastern Europe.

**More precisely, the Soviet Union will not increase oil deliveries to Eastern Europe. The U.S.S.R. is willing to deliver more natural gas, but this would require extensive conversion of East European facilities and increased East European investment in Soviet gas pipelines.

TABLE 1

U.S.S.R. AND EASTERN EUROPE: HARD CURRENCY TRADE 1/
(Millions of U.S. Dollars)

	1970	1975	1978	1980	1981	1982	1983	1984
BULGARIA 2/								
Exports	411	937	1,548	3,021	3,262	3,298	2,864	3,133
Imports	436	1,498	1,400	2,035	2,820	2,864	2,482	2,542
Trade Balance	(25)	(561)	148	988	842	614	382	591
CZECHOSLOVAKIA 2/								
Exports	1,114	2,378	3,122	4,544	4,403	4,357	4,142	4,122
Imports	1,131	2,745	3,503	4,520	4,079	3,842	3,372	3,328
Trade Balance	(17)	(368)	(381)	24	324	515	770	794
GDR 2/								
Exports	1,261	3,082	4,158	5,898	6,714	7,602	7,930	8,075
Imports	1,560	4,187	5,295	7,620	6,848	6,885	6,606	7,018
Trade Balance	(299)	(1,125)	(1,137)	(1,722)	66	937	1,324	1,057
HUNGARY 3/								
Exports	609	2,209	3,178	4,863	4,884	4,978	4,848	4,985
Imports	686	2,500	3,959	4,586	4,432	4,111	3,970	3,729
Trade Balance	(77)	(291)	(781)	277	452	765	878	1,236
POLAND 2/								
Exports	1,282	4,123	5,498	7,506	5,000	5,222	5,236	5,552
Imports	1,134	6,796	7,368	8,488	5,260	3,774	3,802	4,143
Trade Balance	148	(2,673)	(1,870)	(982)	(260)	1,448	1,434	1,409
ROMANIA 3/								
Exports	775	2,839	4,040	6,503	7,216	6,235	6,248	6,892
Imports	903	2,950	4,632	8,037	7,012	4,710	4,558	4,708
Trade Balance	(128)	(111)	(592)	(1,534)	204	1,525	1,888	2,186
TOTAL EE CMEA								
Exports	5,452	15,549	21,544	32,335	31,479	31,590	31,268	32,739
Imports	5,850	20,876	26,157	35,286	30,051	25,786	24,790	25,486
Trade Balance	(398)	(5,127)	(4,613)	(2,951)	1,428	5,804	6,478	7,273
U.S.S.R. 4/								
Exports	2,884	9,780	17,281	27,784	27,978	31,977	32,428	31,726
Imports	2,984	14,577	17,026	26,070	27,778	27,544	27,715	27,292
Trade Balance	(320)	(4,797)	255	1,714	200	4,433	4,713	4,434
TOTAL U.S.S.R. & EE CMEA								
Exports	8,116	25,329	38,825	60,119	59,457	63,567	63,694	64,353
Imports	8,834	35,253	43,183	61,356	57,829	53,330	52,505	52,805
Trade Balance	(718)	(9,924)	(4,358)	(1,237)	1,628	10,237	11,189	11,448
YUGOSLAVIA 3/								
Exports	NA	NA	3,970	5,660	5,720	5,500	6,000	6,600
Imports	NA	NA	8,370	11,320	10,600	9,000	7,700	7,800
Trade Balance	NA	NA	(4,400)	(5,660)	(4,880)	(3,500)	(1,700)	(1,200)

NA — Not Available.

1/ Export and import data are FOB.

2/ Trade with the Developed West and LDCs. Figures do not include intra-CMEA hard currency trade.

3/ Includes all known hard currency trade.

4/ Includes all known non-CMEA hard currency trade.

Source: CIA Handbook of Economic Statistics, IMF/IFS, OECD.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 2

U.S.S.R. AND EASTERN EUROPE: HARD CURRENCY CURRENT ACCOUNT BALANCES 1/
(Billions of Dollars)

	1980	1981	1982	1983	1984
BULGARIA					
Current Account Balance	0.9	0.6	0.7	0.6	0.9
Trade Balance 2/	1.0	0.7	0.6	0.5	0.7
Net Invisibles & Transfers	(0.1)	(0.1)	0.1	0.1	0.2
CZECHOSLOVAKIA					
Current Account Balance	(0.4)	(0.2)	0.2	0.6	0.7
Trade Balance 2/	0.0	0.3	0.5	0.8	0.8
Net Invisibles & Transfers	(0.4)	(0.5)	(0.3)	(0.2)	(0.1)
GDR					
Current Account Balance	(1.6)	(0.5)	1.2	1.3	1.2
Trade Balance 2/	(1.6)	0.1	1.5	1.3	1.1
Net Invisibles & Transfers	0.0	(0.6)	(0.3)	0.0	0.1
HUNGARY					
Current Account Balance	(0.4)	(0.7)	(0.1)	0.3	0.3
Trade Balance	0.3	0.4	0.8	0.9	1.2
Net Invisibles & Transfers	(0.8)	(1.1)	(0.9)	(0.6)	(0.9)
POLAND 3/					
Current Account Balance	(2.8)	(2.1)	(1.0)	0.1	0.7
Trade Balance 2/	(1.0)	(0.4)	0.4	1.1	1.5
Net Invisibles & Transfers	(1.8)	(1.7)	(1.4)	(1.0)	(0.8)
ROMANIA					
Current Account Balance	(2.4)	(0.8)	0.7	0.9	1.5
Trade Balance	(1.5)	0.2	1.5	1.7	2.2
Net Invisibles & Transfers	(0.9)	(1.0)	(0.8)	(0.8)	(0.7)
TOTAL EAST EUROPE CMEA					
Current Account Balance	(6.5)	(3.7)	1.7	3.8	5.3
Trade Balance	(2.8)	1.3	5.3	6.3	7.5
Net Invisibles & Transfers	(3.8)	(5.0)	(3.8)	(2.5)	(2.2)
U.S.S.R. 4/					
Current Account Balance	1.9	(0.2)	4.3	4.7	4.5
Trade Balance	1.7	0.2	4.4	4.7	4.4
Net Invisibles & Transfers	0.2	(0.4)	(0.1)	0.0	0.1
TOTAL U.S.S.R. & EE CMEA					
Current Account Balance	(4.6)	(3.9)	6.0	8.5	9.8
Trade Balance	(1.1)	1.5	9.7	11.0	11.9
Net Invisibles & Transfers	(3.4)	(5.4)	(3.7)	(2.5)	(2.1)
YUGOSLAVIA					
Current Account Balance	(2.2)	(1.8)	(1.8)	0.2	0.9
Trade Balance	(5.7)	(4.8)	(3.5)	(1.7)	(1.2)
Net Invisibles & Transfers	3.5	3.1	1.8	1.9	2.1

Columns may not add to totals due to rounding.

1/ Figures for Eastern Europe include all known hard currency transactions. Net invisibles include interest on total external hard currency debt, net receipts from tourism, shipping, insurance, official transfers, and, where applicable, hard currency receipts from nationals residing in other countries.

2/ Trade balances for Bulgaria, Czechoslovakia, GDR, and Poland do not always agree with data in Table 1 due to inclusion of estimated hard currency trade transactions with other CMEA countries.

3/ Poland's net invisibles and current account balances for 1981-84 reflect interest payments actually made, which were less than total amounts due.

4/ Excluding Soviet hard currency transactions with other CMEA countries.

Sources: IMF/IFS, OECD, CMEA trade statistics, and U.S.G. estimates.

Prepared by: U.S. Commerce Department, Office of Trade & Investment Analysis, February 1985.

TABLE 3

U.S.S.R.: HARD CURRENCY BALANCE OF PAYMENTS
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984 E
Trade Balance	(320)	(4,797)	275	1,714	200	4,433	4,713	4,434
Exports, FOB 1/	2,664	9,780	17,301	27,784	27,978	31,977	32,428	31,726
Imports, FOB	2,984	14,577	17,026	26,070	27,778	27,544	27,715	27,292
Net Interest Payments	(80)	(570)	(880)	(710)	(1,375)	(1,200)	(1,150)	(1,050)
Other Invisibles and Transfers 2/	500	780	1,030	900	1,000	1,100	1,100	1,100
CURRENT ACCOUNT BALANCE	100	(4,807)	425	1,904	(175)	4,333	4,663	4,484
Net Borrowing from Abroad 3/	290	5,400	765	(185)	3,000	(865)	500	(100)
Gold Sales	0	725	2,520	1,580	2,700	1,100	750	1,000
Net Change in Assets 4/ Held in Western Banks	(25)	395	(1,550)	235	140	(1,575)	400	(400)
CAPITAL ACCOUNT BALANCE	265	6,520	1,735	1,630	5,840	(1,340)	1,650	500
NET ERRORS AND OMISSIONS 5/	(365)	(1,913)	(2,160)	(3,534)	(5,865)	(2,993)	(6,313)	(4,984)

E — Estimated.

1/ Including military exports to LDCs.

2/ Including estimated net receipts from tourism, transportation, and official transfers.

3/ Soviet drawings net repayments on Western credits.

4/ Net change in assets held with Western commercial banks.

5/ Including Soviet hard currency aid to and trade with other CMEA countries and trade credits extended to finance Soviet exports—including arms—to non-Communist hard currency trade partners.

Source: CIA Handbook of Economic Statistics.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 4

U.S. TRADE WITH THE U.S.S.R. AND EAST EUROPE 1/
(Millions of U.S. Dollars)

	1975	1978	1980	1981	1982	1983	1984	1985
BULGARIA								
U.S. Exports	29.3	48.1	160.8	258.2	108.5	85.7	44.1	104.2
U.S. Imports	20.2	19.1	27.3	37.1	30.6	30.1	31.0	38.7
U.S. Trade Balance	9.1	29.0	133.5	221.1	75.8	35.5	13.1	65.5
CZECHOSLOVAKIA								
U.S. Exports	52.9	105.4	185.2	82.6	83.8	58.8	58.3	62.9
U.S. Imports	34.6	58.0	72.1	73.0	67.7	68.0	95.9	85.0
U.S. Trade Balance	18.3	47.4	113.1	9.6	16.1	(9.2)	(37.6)	(22.1)
GDR								
U.S. Exports	17.2	170.1	478.3	295.7	222.8	139.0	136.9	72.5
U.S. Imports	11.3	35.3	48.4	52.4	58.9	63.9	167.2	102.2
U.S. Trade Balance	5.9	134.8	429.8	243.3	163.9	75.1	(30.2)	(29.7)
HUNGARY								
U.S. Exports	76.1	97.7	80.0	78.0	68.3	110.5	88.2	94.4
U.S. Imports	34.6	68.5	117.9	140.3	145.4	172.0	241.8	240.7
U.S. Trade Balance	41.5	29.2	(37.9)	(62.3)	(77.1)	(61.6)	(153.6)	(146.3)
POLAND								
U.S. Exports	580.1	677.0	713.7	681.4	295.3	323.6	318.3	238.0
U.S. Imports	243.1	438.9	459.3	400.9	229.2	208.7	244.4	247.3
U.S. Trade Balance	337.0	238.1	254.4	280.5	66.1	114.9	73.9	(9.3)
ROMANIA								
U.S. Exports	189.3	317.4	722.0	504.2	223.7	186.1	248.6	208.2
U.S. Imports	133.0	346.6	341.2	612.4	380.2	553.0	969.0	950.4
U.S. Trade Balance	56.3	(29.2)	380.7	(108.2)	(156.5)	(366.9)	(720.4)	(742.2)
TOTAL EE CMEA								
U.S. Exports	944.9	1,415.7	2,339.9	1,900.1	1,000.3	883.7	894.5	780.2
U.S. Imports	476.8	966.4	1,066.3	1,316.2	912.0	1,095.8	1,749.3	1,664.3
U.S. Trade Balance	468.1	449.3	1,273.6	584.0	88.4	(212.2)	(854.8)	(884.1)
U.S.S.R.								
U.S. Exports	1,832.7	2,249.0	1,512.8	2,340.2	2,592.6	2,002.9	3,283.9	2,422.8
U.S. Imports	254.2	253.8	484.5	376.5	247.1	374.7	600.1	442.6
U.S. Trade Balance	1,578.5	1,995.2	1,028.2	1,963.6	2,345.5	1,628.2	2,683.8	1,980.2
TOTAL U.S.S.R. & EE CMEA								
U.S. Exports	2,777.6	3,664.7	3,852.6	4,240.3	3,592.9	2,886.5	4,178.4	3,203.0
U.S. Imports	731.0	1,220.2	1,550.8	1,692.7	1,159.0	1,470.5	2,349.4	2,106.9
U.S. Trade Balance	2,046.6	2,444.5	2,301.8	2,547.6	2,433.9	1,416.0	1,829.0	1,096.1
YUGOSLAVIA								
U.S. Exports	328.3	474.9	755.0	647.6	492.3	557.3	430.7	594.6
U.S. Imports	260.6	423.1	476.4	470.6	391.5	423.7	527.5	599.9
U.S. Trade Balance	67.7	51.8	278.6	177.0	100.8	133.5	(96.7)	(5.3)
MEMORANDUM:								
U.S. EXPORTS TO WORLD 2/	107,852	143,681	220,630	233,587	212,193	200,486	217,865	213,133
U.S. IMPORTS FROM WORLD	105,880	188,045	256,984	273,352	254,885	269,878	341,177	361,626
U.S. TRADE BALANCE WITH WORLD	1,772	(42,364)	(36,354)	(39,765)	(42,692)	(69,392)	(123,312)	(148,493)

1/ Exports are U.S. domestic and foreign merchandise exports, f.a.s. (free alongside ship), excluding special category exports. Imports are general merchandise imports, c.i.f. (cost, insurance, freight).

2/ Including special category exports.

Source: U.S. Commerce Department, Bureau of the Census.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 5

U.S.S.R. AND EASTERN EUROPE: GROSS AND NET HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
BULGARIA								
Gross Debt	743	2,640	4,263	3,550	3,050	2,750	2,390	2,220
Net Debt	723	2,257	3,710	2,760	2,225	1,750	1,320	800
Commercial Assets 3/	20	383	553	790	825	1,000	1,070	1,420
CZECHOSLOVAKIA								
Gross Debt	485	1,132	3,208	4,920	4,500	4,050	3,950	3,500
Net Debt	160	827	2,513	3,870	3,400	3,300	3,010	2,500
Commercial Assets 3/	325	305	693	1,250	1,100	750	940	1,000
GDR 2/								
Gross Debt	1,408	5,388	9,888	14,100	14,900	13,000	12,840	12,190
Net Debt	1,205	3,748	8,320	11,800	12,300	10,700	9,450	7,630
Commercial Assets 3/	203	1,640	1,348	2,500	2,600	2,300	3,390	4,560
HUNGARY								
Gross Debt	1,071	3,135	7,290	9,090	8,700	7,700	8,280	8,500
Net Debt	848	2,195	6,349	7,000	7,050	6,600	6,890	6,400
Reserves 4/	223	940	941	2,090	1,650	1,100	1,570	2,100
POLAND								
Gross Debt	1,138	8,014	17,844	25,000	25,500	24,800	26,400	28,200
Net Debt	764	7,381	16,972	24,530	24,700	23,800	25,130	26,650
Commercial Assets 3/	374	633	872	470	800	1,000	1,270	1,550
ROMANIA								
Gross Debt	1,227	2,924	5,221	9,400	10,160	9,780	8,780	7,100
Net Debt	1,227	2,449	4,992	9,100	9,815	9,400	8,250	6,400
Reserves 4/	0	475	229	300	345	380	510	700
TOTAL EAST EUROPE CMEA								
Gross Debt	6,072	23,233	47,490	66,060	66,810	62,080	62,600	61,710
Net Debt	4,927	18,857	42,856	58,660	59,490	55,550	53,850	50,380
Commercial Assets/Reserves	1,145	4,376	4,634	7,400	7,320	8,530	8,750	11,330
U.S.S.R.								
Gross Debt	1,800	10,500	16,400	17,800	20,900	20,000	20,500	20,400
Net Debt	600	7,400	10,400	9,200	12,500	10,000	10,900	10,400
Commercial Assets 3/	1,200	3,100	6,000	8,600	8,400	10,000	9,600	10,000
TOTAL U.S.S.R. & EE CMEA								
Gross Debt	7,872	33,733	63,890	83,860	87,710	82,080	83,100	82,110
Net Debt	5,527	26,257	53,256	67,860	71,990	65,550	64,750	60,780
Commercial Assets/Reserves	2,345	7,476	10,634	16,000	15,720	16,530	16,350	21,330
YUGOSLAVIA								
Gross Debt	3,177	6,584	11,833	17,440	19,031	18,488	19,000	18,600
Net Debt	2,903	5,527	8,160	14,840	16,331	16,788	17,400	16,450
Reserves 4/	274	1,057	3,673	2,600	2,700	1,700	1,600	2,150

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Including debt owed to the West German government and FRG commercial banks.

3/ Deposits in Western banks as reported by the BIS and other sources.

4/ Foreign exchange reserves (excluding gold) as reported by the IMF.

Sources: CIA Handbook of Economic Statistics, BIS, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 8

U.S.S.R. AND EE CMEA: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	3,712	25,717	47,910	58,765	59,702	52,150	47,205	45,125
Owed to U.S. Banks	NA	NA	5,759	5,105	4,707	3,888	2,928	2,399
As % of Total Commercial Debt	NA	NA	12.0%	8.7%	7.9%	7.1%	6.2%	5.3%
Officially-backed Debt	4,160	7,822	15,168	23,910	25,860	28,780	32,355	33,365
Owed to U.S. Government 2/	NA	NA	1,456	2,329	2,820	2,851	2,580	2,404
As % of Total Official Debt	NA	NA	9.6%	9.7%	10.1%	9.9%	8.0%	7.2%
U.S. Eximbank Loans	NA	307	709	735	753	749	717	649
U.S. Eximbank Guarantees	NA	NA	18	33	98	19	18	37
CCC Credits	NA	217	715	654	592	774	767	731
CCC Guarantees	0	0	0	899	1,080	689	378	80
CCC Accounts Receivable 3/	0	0	0	0	61	366	647	853
Foreign Aid	NA	27	17	8	6	7	7	7
Agricultural Assistance	0	0	0	0	32	47	47	47
Multilateral Debt: IMF/IBRD/Other	0	194	812	1,185	2,148	3,170	3,540	3,820
Gross Debt	7,872	33,733	63,890	83,860	87,710	82,080	83,100	82,110
Commercial Assets/Reserves 4/	2,345	7,478	10,834	18,000	15,720	16,530	18,350	21,330
Net debt	5,527	26,257	53,258	67,860	71,990	65,550	64,750	60,780

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Cumulative claims (principal plus interest) paid to U.S. exporters on overdue Polish obligations insured by CCC. Amounts paid out under CCC guarantees are normally carried as an account receivable until such time as they are either repaid by the obligor (in this case Poland), or are incorporated in a formal bilateral debt rescheduling agreement.

4/ Deposits in Western banks as reported by the BIS and other sources. For Hungary and Romania, foreign exchange reserves (excluding gold) as reported by the IMF.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 7

U.S.S.R.: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984E
Commercial Debt	400	8,900	9,500	10,000	13,000	11,300	11,500	11,500
Owed to U.S. Banks	NA	NA	1,266	491	554	223	144	133
As % of Total Commercial Debt	NA	NA	13.3%	4.9%	4.3%	2.0%	1.3%	1.2%
Officially-backed Debt	1,400	3,600	6,900	7,800	7,900	8,700	9,000	8,900
Owed to U.S. Government 2/	0	315	452	431	418	403	382	343
As % of Total Official Debt	0.0%	8.7%	6.5%	5.5%	5.3%	4.6%	4.2%	3.9%
U.S. Eximbank Loans	0	174	452	431	418	403	382	343
U.S. Eximbank Guarantees	0	0	0	0	0	0	0	0
CCC Credits	0	140	0	0	0	0	0	0
CCC Guarantees	0	0	0	0	0	0	0	0
Multilateral Debt: IMF/IBRD/Other	0	0	0	0	0	0	0	0
Gross Debt	1,800	10,500	16,400	17,800	20,900	20,000	20,500	20,400
Commercial Assets 3/	1,200	3,100	6,000	8,600	8,400	10,000	9,600	10,000
Net Debt	600	7,400	10,400	9,200	12,500	10,000	10,900	10,400

NA — Not Available.
E — Estimated.

1/ All known outstanding hard currency debt. Debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Deposits in Western banks as reported by the Bank for International Settlements (BIS) and other sources.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, BIS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 8

EE CMEA: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	3,312	18,817	38,410	48,765	48,702	40,850	35,705	33,825
Owed to U.S. Banks	NA	NA	4,493	4,613	4,153	3,463	2,782	2,268
As % of Total Commercial Debt	NA	NA	11.7%	9.5%	8.9%	8.5%	7.8%	6.7%
Officially-backed Debt	2,760	4,222	8,268	16,110	17,980	18,060	23,355	24,465
Owed to U.S. Government 2/	NA	NA	1,004	1,898	2,202	2,248	2,199	2,061
As % of Total Official Debt	NA	NA	12.1%	11.8%	12.3%	12.4%	9.4%	8.4%
U.S. Eximbank Loans	NA	133	257	304	334	345	335	306
U.S. Eximbank Guarantees	NA	NA	16	33	96	19	18	37
CCC Credits	NA	77	715	854	592	774	787	731
CCC Guarantees	0	0	0	899	1,080	871	376	80
CCC Accounts Receivable 3/	0	0	0	0	61	384	647	853
Foreign Aid	NA	27	17	8	6	7	7	7
Agricultural Assistance	0	0	0	0	32	47	47	47
Multilateral Debt: IMF/IBRD/Other	0	194	812	1,185	2,148	3,170	3,540	3,620
Gross Debt	6,072	23,233	47,490	66,060	66,810	62,080	62,800	61,710
Commercial Assets/Reserves 4/	1,145	4,378	4,834	7,400	7,320	8,530	8,750	11,330
Net Debt	4,927	18,857	42,656	58,660	59,490	55,550	53,850	50,380

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Cumulative claims (principal plus interest) paid to U.S. exporters on overdue Polish obligations insured by CCC. Amounts paid out under CCC guarantees are normally carried as an account receivable until such time as they are either repaid by the obligor (in this case Poland), or are incorporated in a formal bilateral debt rescheduling agreement.

4/ Deposits in Western banks as reported by the BIS and other sources. For Hungary and Romania, foreign exchange reserves (excluding gold) as reported by the IMF.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 9

BULGARIA: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	442	2,453	3,935	3,215	2,680	2,285	1,915	1,730
Owed to U.S. Banks	NA	NA	591	423	249	191	128	100
As % of Total Commercial Debt	NA	NA	15.0%	13.2%	9.3%	8.4%	6.7%	5.8%
Officially-backed Debt	301	187	328	335	370	465	475	490
Owed to U.S. Government 2/	0	0	0	0	0	0	0	0
As % of Total Official Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Multilateral Debt: IMF/IBRD/Other	0	0	0	0	0	0	0	0
Gross Debt	743	2,640	4,263	3,550	3,050	2,750	2,390	2,220
Commercial Assets 3/	20	383	553	790	825	1,000	1,070	1,420
Net Debt	723	2,257	3,710	2,760	2,225	1,750	1,320	800

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Deposits in Western banks as reported by the Bank for International Settlements (BIS) and other sources.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 10

CZECHOSLOVAKIA: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	284	926	2,798	4,080	3,895	3,110	2,935	2,485
Owed to U.S. Banks	NA	NA	196	182	209	155	151	150
As % of Total Commercial Debt	NA	NA	7.0%	4.5%	5.7%	5.0%	5.1%	6.1%
Officially-backed Debt	201	206	408	840	805	940	1,015	1,035
Owed to U.S. Government 2/	0	0	0	0	0	0	0	0
As % of Total Official Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Multilateral Debt: IMF/IBRD/Other	0	0	0	0	0	0	0	0
Gross Debt	485	1,132	3,208	4,920	4,500	4,050	3,950	3,500
Commercial Assets 3/	325	305	693	1,250	1,100	750	940	1,000
Net debt	160	827	2,513	3,670	3,400	3,300	3,010	2,500

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Deposits in Western banks as reported by the Bank for International Settlements [BIS] and other sources.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 11

GDR: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	693	4,423	8,166	11,255	11,810	9,460	8,875	7,920
Owed to U.S. Banks	NA	NA	1,383	1,356	1,112	866	584	451
As % of Total Commercial Debt	NA	NA	16.7%	12.0%	9.6%	9.2%	6.4%	5.7%
Officially-backed Debt	715	965	1,500	2,845	3,290	3,540	3,965	4,270
Owed to U.S. Government	0	0	0	0	0	0	0	0
As % of Total Official Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Multilateral Debt: IMF/IBRD/Other	0	0	0	0	0	0	0	0
Gross Debt	1,408	5,388	9,666	14,100	14,900	13,000	12,840	12,190
Commercial Assets 2/	203	1,640	1,348	2,500	2,600	2,300	3,390	4,560
Net Debt	1,205	3,748	8,320	11,600	12,300	10,700	9,450	7,630

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to FRG banks and the West German government. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Deposits in Western banks—including FRG banks—as reported by the Bank for International Settlements (BIS) and other sources.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 12

HUNGARY: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	968	3,081	7,197	8,790	8,335	8,940	8,950	8,650
Owed to U.S. Banks	NA	NA	837	886	1,092	911	862	897
As % of Total Commercial Debt	NA	NA	11.6%	10.1%	13.1%	13.1%	12.4%	10.5%
Officially-backed Debt	103	54	93	300	365	525	740	830
Owed to U.S. Government 2/	NA	0	5	9	11	26	58	88
As % of Total Official Debt	NA	0.8%	5.4%	3.0%	2.9%	5.0%	7.8%	10.5%
U.S. Eximbank Loans	0	0	0	8	5	8	6	4
U.S. Eximbank Guarantees	0	0	0	0	0	18	18	4
CCC Credits	NA	0	5	1	5	0	0	0
CCC Guarantees	0	0	0	0	0	0	34	80
Multilateral Debt: IMF/IBRD/Other	0	0	0	0	0	235	570	1,020
Gross Debt	1,071	3,135	7,290	9,090	8,700	7,700	8,260	8,500
Reserves 3/	223	940	941	2,090	1,650	1,100	1,570	2,100
Net Debt	848	2,195	6,349	7,000	7,050	6,600	6,690	6,400

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Foreign exchange reserves (excluding gold) as reported by the IMF.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 13

POLAND: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	340	5,910	12,705	14,900	14,215	13,640	10,900	11,540
Owed to U.S. Banks	NA	NA	1,218	1,481	1,197	1,126	888	885
As % of Total Commercial Debt	NA	NA	9.6%	9.8%	8.4%	8.3%	8.1%	5.8%
Officially-backed Debt	798	2,104	5,139	10,100	11,285	11,160	15,500	16,660
Owed to U.S. Government 2/	NA	NA	863	1,701	1,882	1,973	1,942	1,819
As % of Total Official Debt	NA	NA	16.8%	16.8%	16.7%	17.7%	12.5%	10.9%
U.S. Eximbank Loans	NA	92	184	209	238	242	242	242
U.S. Eximbank Guarantees	NA	NA	7	18	9	1	0	0
CCC Credits	NA	36	655	586	496	679	680	670
CCC Guarantees	0	0	0	898	1,040	830	319	0
CCC Accounts Receivable 3/	0	0	0	0	61	386	647	853
Foreign Aid	NA	27	17	8	8	7	7	7
Agricultural Assistance	0	0	0	0	32	47	47	47
Multilateral Debt: IMF/IBRD/Other	0	0	0	0	0	0	0	0
Gross Debt	1,138	8,014	17,844	25,000	25,500	24,800	26,400	28,200
Commercial Assets 4/	374	633	872	470	800	1,000	1,270	1,550
Net Debt	764	7,381	16,972	24,530	24,700	23,800	25,130	26,650

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Cumulative claims (principal plus interest) paid to U.S. exporters on overdue Polish obligations insured by CCC. Amounts paid out under CCC guarantees are normally carried as an account receivable until such time as they are either repaid by the obligor (in this case Poland), or are incorporated in a formal bilateral debt rescheduling agreement.

4/ Deposits in Western banks as reported by the Bank for International Settlements (BIS) and other sources.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 14

ROMANIA: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	585	2,024	3,609	6,545	6,167	5,415	4,130	3,320
Owed to U.S. Banks	NA	NA	290	304	285	212	191	204
As % of Total Commercial Debt	NA	NA	8.0%	4.6%	4.6%	3.9%	4.6%	6.1%
Officially-backed Debt	642	708	800	1,670	1,845	1,430	1,680	1,180
Owed to U.S. Government 2/	NA	NA	137	189	309	232	199	155
As % of Total Official Debt	NA	NA	17.1%	11.3%	16.8%	16.2%	12.0%	13.1%
U.S. Eximbank Loans	NA	41	73	87	91	96	87	61
U.S. Eximbank Guarantees	NA	NA	9	15	87	0	0	33
CCC Credits	NA	41	55	87	91	96	87	61
CCC Guarantees	0	0	0	0	41	40	24	0
Multilateral Debt: IMF/IBRD/Other	0	194	812	1,185	2,148	2,935	2,970	2,600
Gross Debt	1,227	2,924	5,221	9,400	10,160	9,780	8,780	7,100
Reserves 3/	0	475	229	300	345	380	510	700
Net Debt	1,227	2,449	4,992	9,100	9,815	9,400	8,250	6,400

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Foreign exchange reserves (excluding gold) as reported by the IMF.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 15

YUGOSLAVIA: COMPOSITION OF HARD CURRENCY DEBT 1/
(Millions of U.S. Dollars)

	1971	1975	1978	1980	1981	1982	1983	1984
Commercial Debt	2,004	4,280	9,070	12,790	12,850	11,928	11,765	8,840
Owed to U.S. Banks	NA	NA	1,511	2,328	2,590	2,248	2,259	2,249
As % of Total Commercial Debt	NA	NA	16.7%	18.2%	20.2%	18.8%	19.2%	26.0%
Officially-backed Debt	824	1,557	1,580	2,555	3,345	3,050	3,552	5,781
Owed to U.S. Government 2/	NA	NA	1,100	1,004	940	838	980	1,087
As % of Total Official Debt	NA	NA	69.6%	39.3%	28.1%	27.4%	27.6%	18.8%
U.S. Eximbank Loans	NA	286	490	545	579	554	575	590
U.S. Eximbank Guarantees	NA	NA	342	270	215	199	189	208
CCC Credits	NA	2	26	11	3	0	6	6
CCC Guarantees	0	0	0	32	30	13	168	208
Foreign Aid	NA	61	44	35	31	28	25	23
Agricultural Assistance	NA	248	155	84	64	30	12	7
O.P.I.C. Guarantees	0	0	42	25	19	13	26	25
Multilateral Debt: IMF/IBRD/Other	349	747	1,183	2,095	2,836	3,510	3,683	4,189
Gross Debt	3,177	6,584	11,833	17,440	19,031	18,488	19,000	18,800
Reserves 3/	274	1,057	3,673	2,800	2,700	1,700	1,800	2,150
Net Debt	2,903	5,527	8,160	14,840	16,331	16,788	17,400	16,450

NA — Not Available.

1/ All known outstanding hard currency debt, including amounts owed to communist countries and LDCs. All debt figures are based on the U.S. dollar exchange rate prevailing at the end of the year indicated. No adjustments have been made to reflect substantial dollar appreciation since 1980.

2/ Excluding U.S.G. claims arising from World War II.

3/ Deposits in Western banks as reported by the Bank for International Settlements (BIS) and other sources.

Sources: CIA Handbook of Economic Statistics, U.S. Treasury Department, Federal Reserve Board, IMF/IFS.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 18

U.S. COMMERCIAL BANK CLAIMS ON THE U.S.S.R., EASTERN EUROPE,
AND SELECTED DEVELOPING COUNTRIES
(Millions of Dollars)

	1980	1982	1984	June 1985
COMMUNIST COUNTRIES				
Bulgaria	423.4	191.2	99.8	89.5
Czechoslovakia	182.3	155.2	150.1	80.4
GDR	1,355.8	868.4	450.8	408.0
Hungary	888.2	911.4	896.5	624.1
Poland	1,481.4	1,126.3	665.2	588.5
Romania	304.3	212.4	203.8	211.2
Total East Europe CMEA	4,813.4	3,462.9	2,268.0	1,979.7
As % of Total U.S. Bank Foreign Claims	1.8%	1.0%	0.7%	0.6%
U.S.S.R.	481.3	223.1	132.8	258.8
Total U.S.S.R. & East Europe CMEA	5,104.7	3,686.0	2,398.8	2,238.5
As % of Total U.S. Bank Foreign Claims	1.9%	1.0%	0.7%	0.7%
Yugoslavia	2,327.5	2,245.7	2,249.4	2,234.2
NON-OPEC DEVELOPING COUNTRIES				
Argentina	7,228.8	8,578.0	8,420.5	8,448.7
Brazil	18,313.2	21,955.0	24,822.2	24,732.2
Chile	3,688.7	5,887.3	6,370.8	6,302.7
Mexico	15,703.5	24,287.3	25,783.5	25,372.3
Total Non-OPEC LDCs--Latin American/Caribbean	51,081.5	70,619.2	73,896.2	72,352.1
As % of Total U.S. Bank Foreign Claims	19.4%	20.1%	22.2%	22.3%
PR China	453.0	932.2	1,250.3	884.8
Philippines	4,400.0	5,499.6	5,125.8	5,188.8
South Korea	7,551.2	12,382.5	10,888.3	10,845.1
Taiwan	4,387.5	4,870.2	3,053.8	3,008.3
Thailand	1,628.6	2,031.3	2,478.9	2,334.2
Total Non-OPEC LDCs--Asia	22,516.8	32,654.3	29,567.5	28,814.8
As % of Total U.S. Bank Foreign Claims	8.6%	9.3%	8.9%	8.9%
Egypt	795.4	1,180.6	1,027.7	792.8
Ivory Coast	508.3	626.2	466.1	448.4
Morocco	651.0	720.0	829.2	778.9
Total Non-OPEC LDCs--Africa	3,429.1	4,048.8	3,652.3	3,107.6
As % of Total U.S. Bank Foreign Claims	1.3%	1.2%	1.1%	1.0%
OPEC MEMBERS				
Indonesia	1,764.3	2,703.5	3,147.2	2,885.7
Nigeria	903.3	1,724.9	1,321.7	1,198.0
Venezuela	9,328.8	11,222.9	10,554.0	10,302.7
Total OPEC Members	20,324.7	24,357.2	22,857.5	21,386.0
As % of Total U.S. Bank Foreign Claims	7.7%	6.9%	6.9%	6.6%
TOTAL WORLDWIDE U.S. BANK FOREIGN CLAIMS	262,766.8	351,605.5	332,235.7	324,424.2

1/ Total amounts owed to U.S. banks, excluding indirect borrowings and claims guaranteed by residents of other countries. Contingent claims, such as letters of credit and other undrawn credit commitments, are excluded.

Source: Federal Reserve Board.

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 17

U.S. BANK CLAIMS ON U.S.S.R. AND EASTERN EUROPE AS A PERCENT OF TOTAL SOVIET/EE DEBT TO ALL BANKS IN THE BIS REPORTING AREA 1/

	1983			1984			JUNE 1985		
	U.S. Banks 2/ [$ Mil]	All BIS-area Banks 3/ [$ Mil]	U.S. as % of All BIS-area Bank Claims [%]	U.S. Banks 2/ [$ Mil]	All BIS-area Banks 3/ [$ Mil]	U.S. as % of All BIS-area Bank Claims [%]	U.S. Banks 2/ [$ Mil]	All BIS-area Banks 3/ [$ Mil]	U.S. as % of All BIS-area Bank Claims [%]
Bulgaria	128	1,718	7.5%	100	1,530	6.5%	70	1,757	4.0%
Czechoslovakia	151	2,748	5.5%	150	2,390	6.3%	80	2,478	3.2%
GDR 4/	584	8,448	6.7%	451	8,434	5.3%	408	8,778	4.6%
Hungary	862	7,003	12.3%	692	8,783	10.2%	824	7,296	8.8%
Poland	888	10,834	8.1%	665	8,887	7.7%	587	8,839	6.6%
Romania	191	3,867	5.0%	204	3,074	6.6%	211	2,974	7.1%
Total East Europe CMEA	2,784	34,707	8.0%	2,262	30,878	7.3%	1,990	31,918	6.2%
U.S.S.R.	144	15,582	0.9%	133	15,787	0.8%	257	18,094	1.4%
Total U.S.S.R. & EE CMEA	2,928	50,289	5.8%	2,395	46,665	5.1%	2,237	50,012	4.5%
Yugoslavia	2,259	9,808	23.0%	2,248	9,232	24.4%	2,234	9,493	23.5%
MEMORANDUM:									
Total Claims on:									
Developed Countries o/s BIS Area	33,355	128,054	26.0%	33,008	137,567	24.0%	29,897	139,212	21.5%
OPEC Members	25,081	89,319	28.1%	22,858	88,830	25.8%	21,388	87,948	24.3%
Non-OPEC Developing Countries	108,545	291,084	37.3%	108,843	296,593	36.7%	104,274	300,256	34.7%
of which:									
Latin America & Caribbean	71,199	190,323	37.4%	73,698	195,052	37.8%	72,352	196,543	36.8%
Asia	30,148	69,398	43.4%	28,739	71,994	37.1%	26,075	73,689	35.4%
Middle East & Africa	7,198	31,363	23.0%	8,408	29,247	21.9%	5,847	30,044	19.5%
U.S.S.R. & East Europe CMEA	2,928	50,289	5.8%	2,395	48,865	5.1%	2,237	50,012	4.5%

1/ The BIS reporting area covers the Group of Ten (G-10) Countries, i.e., Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States, plus Austria Denmark, Ireland, and Luxembourg.

2/ Total amounts owed to U.S. banks, excluding indirect borrowings and claims guaranteed by residents of third countries.

3/ From the BIS semi-annual data series on international banking operations. The present BIS semi-annual reporting system, instituted December 1983, provides data on the cross-border lending activities of all banks located in the BIS reporting area on a worldwide consolidated basis. BIS semi-annual data are thus fully comparable with worldwide consolidated figures on U.S. bank lending activities reported by the U.S. Federal Reserve Board.

4/ Figures for GDR debt to BIS banks do not include amounts owed to West German banks.

Sources: Federal Reserve Board, Bank for International Settlements (BIS).

Prepared by: U.S. Commerce Department, Office of Trade and Investment Analysis. February 1986.

TABLE 18

U.S. GOVERNMENT CREDITS 1/ AND GUARANTEES 2/ TO THE U.S.S.R., EASTERN EUROPE, AND SELECTED DEVELOPING COUNTRIES
(Millions of Dollars)

	1980				June 1985			
	USG Credits ($ Mil)	USG Guar. ($ Mil)	Total Credits + Guarantees ($ Mil)	Total As % of Worldwide USG Credits+Guar. (%)	USG Credits ($ Mil)	USG Guar. ($ Mil)	Total Credits + Guarantees ($ Mil)	Total As % of Worldwide USG Credits+Guar. (%)
COMMUNIST COUNTRIES								
Hungary	9.0	0.0	9.0	Z	2.7	78.4	81.1	0.1%
Poland	783.6	917.1	1,700.7	2.4%	986.4	852.9	1,819.3	2.0%
Romania	180.1	15.0	195.0	0.3%	135.3	8.5	143.8	0.2%
Total East Europe CMEA	972.7	932.1	1,904.8	2.7%	1,104.4	939.8	2,044.2	2.2%
U.S.S.R.	430.5	0.0	430.5	0.6%	308.8	0.0	308.8	0.3%
Total U.S.S.R. & EE CMEA	1,403.2	932.1	2,335.3	3.3%	1,413.0	939.8	2,352.8	2.5%
Yugoslavia	676.1	327.6	1,003.7	1.4%	842.7	490.4	1,133.1	1.2%
DEVELOPING COUNTRIES								
Argentina	292.4	536.3	828.7	1.2%	337.0	70.7	407.7	0.4%
Brazil	2,296.5	726.1	3,022.6	4.3%	2,427.6	1,742.3	4,169.9	4.5%
Chile	728.7	276.9	1,005.6	1.4%	485.3	499.9	985.2	1.0%
Mexico	921.5	1,012.4	1,933.9	2.8%	1,618.3	1,879.7	3,498.0	3.8%
Venezuela	191.6	575.9	757.5	1.1%	174.1	276.1	450.2	0.5%
Indonesia	2,240.6	350.6	2,591.2	3.7%	2,570.4	332.7	2,903.1	3.1%
Philippines	719.8	637.3	1,357.1	1.9%	851.6	1,473.6	2,325.2	2.5%
South Korea	2,997.3	1,643.9	4,641.2	6.7%	4,197.2	1,576.5	5,773.7	6.2%
Taiwan	1,521.7	650.7	2,172.4	3.1%	1,416.9	440.8	1,857.7	2.0%
Thailand	282.2	177.0	459.2	0.7%	448.4	180.3	628.7	0.7%
Egypt	3,747.5	275.4	4,022.9	5.8%	8,946.4	739.3	9,685.7	10.5%
Ivory Coast	85.9	93.9	179.8	0.3%	85.4	88.0	173.4	0.2%
Nigeria	78.8	77.5	156.3	0.2%	225.4	255.7	481.1	0.5%
WORLDWIDE TOTAL	52,078.0	17,643.5	69,721.5	100.0%	69,339.8	23,048.3	92,388.1	100.0%

Z — Negligible.

1/ Principal amounts outstanding as of the date indicated, excluding claims arising out of World War II.

2/ Disbursed and still outstanding credit plus undisbursed balances, and interest liability under contracts insured by U.S.G. credit programs (CCC, Eximbank, OPIC, FAA, Arms Export Control Act). Figures for June 1985 include, where applicable, principal and interest paid to U.S. exporters on overdue obligations insured by CCC. Amounts paid out under CCC guarantees are normally carried as an account receivable until such time as they are either repaid by the obligor, or are incorporated in a formal bilateral debt rescheduling agreement.

Source: U.S. Treasury Department.

Prepared by: U.S. Commerce Department, Office of Trade & Investment Analysis. February 1986.

TABLE 19

MEASURES OF RELATIVE DEBT BURDEN FOR THE U.S.S.R., EASTERN EUROPE, AND SELECTED DEVELOPING COUNTRIES

	1984 Gross Hard Currency Debt ($ Millions)	1984 Debt per Capita ($)	1984 Debt as % of GNP/GDP (%)	Gross Debt as % of Exports 1/ (%)			Debt Service as % of Exports 2/ (%)			Reserve Position Months Import Cover 3/ (Months)		
				1982	1983	1984	1982	1983	1984	1982	1983	1984
COMMUNIST COUNTRIES												
Bulgaria	2,220	247	3.9%	83.4%	83.4%	70.9%	22.7%	20.5%	16.9%	4.5	5.2	6.7
Czechoslovakia	3,500	226	2.7%	93.0%	95.4%	84.9%	28.4%	24.8%	25.4%	2.3	3.3	3.8
GDR	12,190	730	7.4%	171.0%	181.9%	151.0%	44.7%	35.7%	36.2%	4.1	6.2	7.8
Hungary	8,500	794	11.0%	157.9%	170.4%	171.2%	34.6%	38.4%	49.0%	3.2	4.7	6.8
Poland	28,200	784	12.3%	474.9%	504.2%	507.9%	98.4%	94.1%	96.1%	3.2	4.0	4.5
Romania	7,100	314	6.0%	156.8%	140.2%	103.0%	31.8%	20.2%	30.8%	1.0	1.3	1.8
Total EE CMEA	61,710	554	8.0%	196.5%	200.2%	188.5%	48.1%	45.0%	49.2%	3.0	4.2	5.3
U.S.S.R.	20,400	74	1.0%	62.5%	63.2%	64.3%	16.0%	17.0%	18.0%	4.4	4.2	4.4
Yugoslavia	18,800	809	14.4%	338.1%	318.7%	281.8%	63.3%	67.8%	71.7%	2.3	2.5	3.3
DEVELOPING COUNTRIES												
Argentina	48,048	1,407	57.8%	555.5%	586.4%	568.5%	102.0%	62.3%	67.4%	5.8	3.4	3.8
Brazil	105,350	707	50.3%	477.6%	458.7%	390.2%	97.5%	80.3%	57.6%	2.3	3.4	9.9
Chile	21,014	1,570	108.3%	485.7%	509.2%	575.7%	101.0%	71.6%	89.4%	5.7	8.8	8.2
Mexico	101,484	1,166	57.9%	433.8%	443.8%	421.9%	73.8%	58.5%	48.8%	0.7	5.3	7.8
Venezuela	33,000	1,813	66.4%	208.5%	235.6%	208.2%	42.5%	35.9%	40.4%	4.8	11.9	11.8
Indonesia	33,845	199	42.1%	134.6%	168.7%	162.1%	19.7%	22.3%	23.3%	1.7	2.5	3.7
Philippines	30,586	551	95.0%	506.0%	610.8%	587.4%	89.5%	80.6%	75.6%	1.4	1.2	1.1
South Korea	47,851	1,139	59.0%	187.7%	182.7%	181.7%	31.5%	28.0%	30.6%	1.4	1.1	1.2
Egypt	28,472	554	87.2%	601.6%	683.6%	670.2%	78.4%	88.1%	91.0%	1.0	1.2	1.0
Ivory Coast	8,175	630	101.2%	263.6%	297.0%	238.3%	50.6%	50.8%	49.8%	Neglig.	Neglig.	Neglig.
Nigeria	21,538	218	23.5%	128.5%	188.9%	180.3%	16.9%	28.6%	44.3%	1.3	1.0	1.9

1/ Communist country ratios based on hard currency exports. Developing country ratios based on total merchandise exports.

2/ Debt service payments [interest payments on total debt plus estimated principal repayments on medium- and long-term debt] as a percent of merchandise exports as defined in footnote 1.

3/ For communist countries, commercial assets/foreign exchange reserves divided by average monthly hard currency imports for the year indicated. For developing countries, foreign exchange reserves as reported by the IMF/IFS divided by average total merchandise imports for the year indicated.

Sources: CIA Handbook of Economic Statistics, IMF/IFS, U.S. government estimates. Communist country debt service ratios from Wharton Economic Forecasting Associates, Centrally Planned Economies Outlook, October 1985.

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